

STATESIDE / DOING WITHOUT INSURANCE

POLITICAL NOTES

It's Clinton Over Dole or Kemp, a Poll Shows

WASHINGTON — President Bill Clinton would win re-election today against either Bob Dole, the Senate minority leader, or Jack Kemp, the former housing secretary, in a three-way contest with either of those Republicans, according to a new poll.

Packwood Is Accused of Altering Diaries

WASHINGTON — United States Senate lawyers told a federal court that Senator Bob Packwood, Republican of Oregon, had altered tapes of diaries under subpoena by the Senate ethics committee.

The lawyers urged the court to take immediate custody of all materials covered by the subpoena.

In papers filed in U.S. District Court, which is considering the ethics panel's suit for enforcement of the subpoena, the Senate legal counsel, Michael Davidson, quoted the woman who transcribed Mr. Packwood's diary tapes as saying in a sworn statement last week that he had altered some of the tapes.

Quote/Unquote

Representative Lee H. Hamilton, Democrat of Indiana, the chairman of the House Foreign Affairs Committee: "The gap between the people and the foreign-policy establishment is as wide and as deep as I have ever seen it."

The Pentagon Debut of Top U.S. Officer

By Barton Gellman

WASHINGTON — General John M. Shalikashvili, who maintained a low profile in his first two months as the top-ranking American military officer, has made a charming and occasionally steady debut in the Defense Department's press room with a tour of the national security horizon.

objectives." He expressed only the "possibility," though, that the allies could stop the initial thrust before it reached the South Korean capital, Seoul.

Army general found an "awful lot to be satisfied about" in the conduct of last weekend's free democratic vote. But he allowed himself a mild shot at the biggest winner, Vladimir V. Zhirinovskiy, who holds revanchist claims on America's 49th state.

Total of Uninsured Soars to New High

WASHINGTON — The number of people in the United States without health insurance reached 38.9 million last year, up 2.3 million from 1991, new federal government data show. The increase was greater than in the two previous years combined.



Dr. Jack Kevorkian, wrapped in a blanket, looking on from a wheelchair during his court hearing in Royal Oak, Michigan.

Away From Politics

- About 17,500 American miners on strike in seven states headed back to work after approving a five-year contract with some of the nation's biggest coal companies. About 65 percent of eligible miners voted in favor of the contract, which ended a seven-month walkout.

New Details of a Failing Thrift's \$50,000 Favor to Clintons

By Jeff Gerth and Stephen Engelberg
WASHINGTON — The owner of a failing Arkansas savings and loan association raised money for Governor Bill Clinton in 1985 to help relieve the Clinton family of a \$50,000 personal debt, that the Clintons would otherwise have had trouble repaying, documents show.

In the next 18 months, up to the point where federal officials removed Mr. McDougal, the new regulator took no significant action against Madison, even as she was moving vigorously against another failing institution with similar problems.

Investigators reviewing Madison's records in the wake of its collapse found evidence that led them to suspect that some of the campaign donations assembled by Mr. McDougal had been improperly diverted from the savings and loan, federal officials have said.

Myrna Loy, 88, Versatile Film Star, Dies

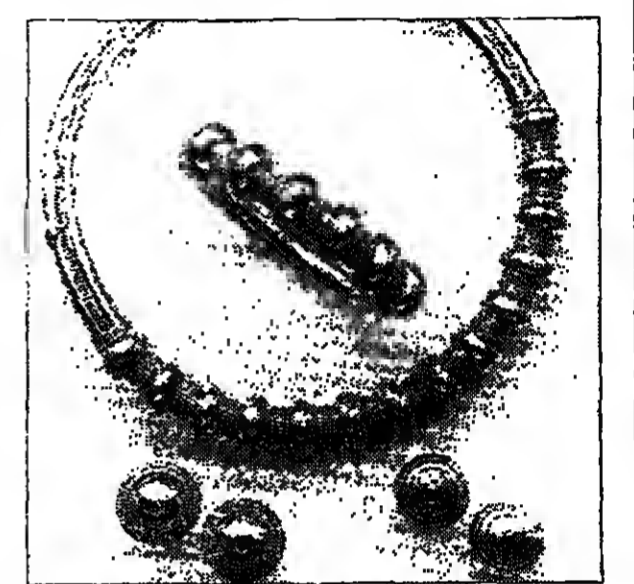
By Peter B. Flint
NEW YORK — Myrna Loy, 88, the urbane actress who personified a liberated wife of intelligence and wry good humor in movie comedies of the 1930s and 1940s, died in surgery here Tuesday after a long illness.

A political liberal, Miss Loy joined with other Hollywood figures in the late 1940s in challenging what they deplored as the witch-hunting proceedings of the House Committee on Un-American Activities.



Ronald W. Allen, Chairman & CEO, Delta Air Lines

People at the top read the Trib.
Herald and Tribune



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Herald INTERNATIONAL Tribune

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Free Trade Wins a Round

It looks as if GATT is ending the right way after all. In fact for free trade reasonableness, the victory of free trade matter more than any claim that the victory is incomplete.

damage could be even deeper. A narrow nationalism in trade can easily become a narrow nationalism in things like immigration policy.

Delay on the Road to Peace

Encouragement Needed

The delay on the road to an Arab-Israeli peace is disappointing but surely not fatal. The two sides are looking truth in the face for the first time.

Mr. Rabin, he speaks from national weakness, but, too, speaks for peace. The issues on which the two sides are deadlocked look small next to the great issues — refugees, settlers, borders, Jerusalem — meant to be left to later negotiation.

Momentum Put at Risk

Israel's prime minister, Yitzhak Rabin, and the Palestine Liberation Organization's chairman, Yasser Arafat, took brave risks this summer when they initiated a framework agreement on self-rule for Gaza and Jericho.

Some of the differences can be split, although not necessarily down the middle. For example, the boundaries of Jericho could be drawn somewhere between the area that the PLO demands and the smaller figure that Israel insists on.

Other Comment

Up to now, the West has reacted with restraint to proposals for admitting Central European states to NATO, so as not to irritate Moscow and to cool its imperial aspirations.

Bad Choices, Bad Advice, and Now a Different Russia

By Dimitri Simes

WASHINGTON — "Dear Mr. President, I strongly urge you to avoid a confrontation with the Russian Congress." This was the advice that President Boris Yeltsin received last spring from America's premier senior statesman, Richard Nixon.

Washington should let the Russians decide for themselves which model of economic reform they can pursue without risk of social upheaval.

been carefully drafted to avoid hurting U.S. and European businesses but that largely ignored the Russian constitution, if necessary, to accelerate economic reforms.

The West Has Helped to Arouse an Irresponsible Nationalism

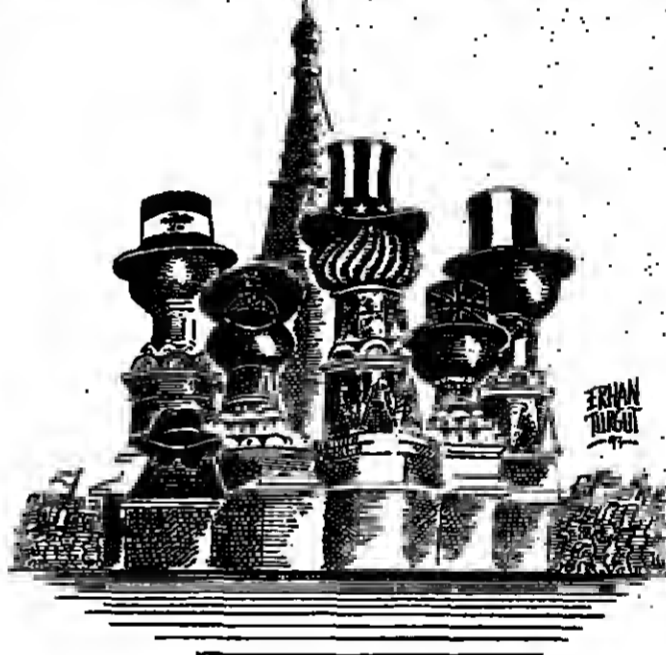
By William Pfaff

PARIS — The time has come for Western governments to rethink their efforts to do good in Russia. One result of those efforts is election of a parliament of irresponsible nationalist majority — less menacing to Russia's neighbors perhaps than an internationalist majority, but an internationalist majority nonetheless.

in a country lacking the institutions of civil society, could be turned into a market democracy by simply terminating the role of the state in the system. Without a planned and controlled program of gradual movement toward a new system, the old system has in most sectors been made simply to collapse.

At best, the situation will not be pretty. But the alternative — renewed confrontation, further polarization and an increasing neofascist threat in Russia — is much worse.

The danger is not Vladimir Zhirinovskiy. It is that he has opened the way for a serious nationalism, a truly anti-Western and pan-Slavic movement that would provide a contemporary articulation of forces that have dominated Russia at times in its past.



What has happened in Russia, and what will happen, is ultimately the responsibility of the Russians. They made the revolution in 1917, and all that followed, and glasnost and the counterrevolution, Russia's leaders need not have taken the course they have since 1989, and could have rejected Western advice and aid.

Clinton Is Right About Negative Press Coverage of Government

By Thomas E. Patterson

SYRACUSE, New York — In his interview with Rolling Stone, Bill Clinton exploded the claim that he had not honored his commitments. "I have fought more damn battles here for more things than any president in 20 years with the possible exception of Reagan's first budget and not gotten one damn bit of credit from the knee-jerk liberal press. I am damn sick and tired of it."

President Clinton implies, the nation's leaders are not liberal enough to suit the press's taste? Doubtful. Liberal politicians have not escaped the press's wrath. Research shows that the media routinely criticize liberals and conservatives alike.

The interpretive style increases the journalist's influence on the message. The reporter selects the interpretive theme, which drives the story. The major themes include the assertion that politicians are motivated almost solely by naked self-interest.

The Energy People Have Lied Enough

By Daniel S. Greenberg

WASHINGTON — In any competition for champion liar of the U.S. government, the Energy Department would be the easy winner. Its mistruths and deceptions extend over a prodigious span of misdeeds, dating to the department's early postwar incarnation as the Atomic Energy Commission.

Secrecy and falsehood were institutionalized during the war, to conceal the work that produced the atom bomb. Scientists who raised questions about radiation hazards and nuclear safety were the subject of sneers by the old commission, and its kept experts.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1893: Debating Jonah

NEW YORK — In his address before the Young Men's Hebrew Association at Carnegie Hall Dr. Briggs asserted that biblical criticism was "lifting the rubbish" in the Bible.

1943: Winter Offensive

LONDON — [From our New York edition.] The Germans announced yesterday [Dec. 14] two powerful Russian drives launched in White Russia — possibly harbingers of an offensive toward the Baltic and a link with the Allies in the West.

1918: President Slain

LISBON — The President of the Portuguese Republic was assassinated yesterday [Dec. 14] at the railway station. The tragedy occurred on the

International Herald Tribune advertisement listing staff members: KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER, RICHARD McLEAN, JOHN VINOCCUR, SAMUEL AET, KATHERINE KNORR, CHARLES MITCHELL, ROBERT J. DONAHUE, RENE BONDY, JUANITA CASPARL, ROBERT FARRÉ.

OPINION

Boxed In, Gadhafi Again Consorts With Terror

By Jim Hoagland

WASHINGTON — A moment comes when a tyrant crosses a line of no return. In the grip of megalomania, he is incapable of making rational calculations of cost and gain. He strikes out in fury and in fear, intent on destroying even if it means that destruction will visit him in turn.

Their plots for patience lie in ruins now that he has renewed his public embrace of terrorism, in word and deed. He has responded with virulence and menace to the mild economic sanctions placed on his regime by the United Nations Security Council.

Politically sensitive visitors like Mr. Kikhya are routinely kept under surveillance by Egypt's internal intelligence service. His disappearance raises the question of Egyptian complicity in or tolerance of a Libyan plot to eliminate the Libyan exile movement.

LETTERS TO THE EDITOR

Steady as You Go

As world opinion tries to digest the sensational news of Russia's parliamentary elections, it is both timely and urgent to caution against my overreaction, especially on the part of the political leadership in Washington, London, Paris and Bonn.

Amputating History

In his cynical treatise on Thanksgiving, William Pfaff accuses Americans of absent-mindedly celebrating a holiday that, by virtue of its "white, Protestant, European, patriarchal origins" is somehow unseemly, and possibly obsolete.

The Kashmir Quarrel

Regarding "The Issues in Kashmir" (Letters, Nov. 23) from T. K. Das: Prior to the partition of India, the British, Hindu and Muslim leaders had agreed that contiguous Muslim majority areas would form part of Pakistan.

History and the Kennedys

Regarding "We Still Pay for the Errors of President Kennedy" (Opinion, Nov. 26): Thanks to Robert J. Samuelsen for saying what many of us have felt for years about John F. Kennedy: At best, he was a mediocre president.

East Europeans at the Door, Betrayed

By Marc Ballon

PRAGUE — A new Iron Curtain has descended on the nations of Eastern Europe. Stamped across it are the words "Made in the USA."

consular officers must view every applicant as a probable immigrant until the applicant proves otherwise. A person is thus considered guilty until proven innocent.

Lucie Was Not 'What the U.S. Wants'

By Alan Levy

PRAGUE — Lucie is young, enthusiastic and speaks phenomenal English. Growing up under communism, she fell in love with the famous Czech land her late compatriot Franz Kafka called America.

sounds like just the kind of person we want in our country. And if she so much as baby-sits, she's in violation of the law.

Without belittling the potential danger of ultranationalists destabilizing the still fragile reform process begun by President Boris Yeltsin, we simply cannot applaud Russia's first democratic parliamentary elections yet at the same time deplore the results.

What better example of this encouraging trend than the elevation of Thanksgiving to an extended holiday in celebration of family and friends, and strangers too, rather than just thanks for a full plate?

Mr. Pfaff replies: My remarks about Thanksgiving were ironical, not cynical, my intention being to defend Thanksgiving, the one American holiday which has somehow until now escaped commercialization and the national impulse to turn everything to sentimental ends.

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Handwritten signature or mark at the bottom of the page.

Patten Acts on Elections, China Calls It 'Sabotage'

The Associated Press

HONG KONG — Governor Chris Patten sent a package of electoral reforms to the legislature on Wednesday, sparking an angry response from China and splitting Hong Kong's two biggest parties.

China reacted swiftly, accusing Britain of taking "another serious step toward confrontation" over the fate of its last major colony, three and a half years before it reverts to Chinese sovereignty.

A statement carried by the Xinhua press agency said Britain wanted to "deliberately create disorder." Analysts saw this as ominous language, given recent hints by China that it would retake Hong Kong ahead of the 1997 turnover if the colony was threatened by "chaos."

The statement accused Britain of "sabotage," and of "intending to unilaterally end the bilateral talks" with China on democratic reform. But it stopped short of announcing an outright rupture.

As his proposals formally went before legislators, Mr. Patten struck a relaxed pose by feeding the birds at a Hong Kong aviary and saying he was still seeking further negotiations with Beijing.

But he suffered a setback earlier Wednesday when the Liberals, the largest party in the Legislative Council, the colony's parliament, appeared to waver. Having said earlier that they backed the reforms, the Liberals said they would first canvass opinion among their supporters.

This action by the Liberals, a pro-business party, reflects the concerns in financial circles that friction with China is bad for Hong Kong's economy. The Liberals were attacked by the United Democrats of Hong Kong, the leading pro-democracy party and the staunchest supporter of electoral reform.

"How can they change their standpoint on something as important as this?" asked Szeto Wah, a United Democratic legislator. "They are thinking only of their party."

But the Liberal Party chairman, Allen Lee, said, "I don't think the party itself can make a stand at the moment, if we want to hold the party together."

The Liberals' 15 seats, plus the United Democrats' 13 and Meeting Point's 4, had assured Mr. Patten a 32-seat majority in the 60-seat Legislative Council.

A retreat by the Liberals could revive China's hopes that the legislature will reject the reforms.

The specter now confronting Hong Kong is that China will retaliate by speeding up the establishment of its own shadow government to undermine British colonial authority in its twilight years.

China says it already has given up major ground by agreeing to leave Hong Kong autonomous and capitalist for 50 years, and it refuses to accept a legislature elected under rules with which it does not agree.

It sees the reforms as a British scheme to maintain a foothold in Hong Kong. Such a scheme "will go up in smoke" in 1997, the Beijing-controlled Hong Kong newspaper Wen Wei Po said Wednesday.

Michael Sze, secretary for constitutional affairs in the colonial government, introduced the electoral reform bill in the legislature, calling it "part of our efforts to establish an open and fair electoral system."

The bill abolishes appointed seats on municipal councils, lowers the voting age from 21 to 18, and — most controversial to China — creates one-vote, one-member constituencies for elected legislative seats.

As a sweetener to Beijing, it allows Hong Kong residents who belong to Chinese political congresses to run in the 1994 and 1995 municipal and legislative elections, the last before the handover.



Chris Patten during a visit to a Hong Kong aviary on Wednesday.

Donors Tie Aid to Democracy Strained Economies in West Reorient Criteria

By Carl Gewirtz

International Herald Tribune

PARIS — With the end of the Cold War crippling the ability of Third World dictators to play West against East, the major aid-giving industrialized nations agreed here this week to put respect for democratic principles high on their agenda in extending new aid.

The impetus behind this new orientation is the recognition that strained economic conditions throughout the industrialized world are reducing taxpayer support and that such programs need to be seen producing results.

Achieving better results "is necessary for the recipients of our aid, but can also help to achieve a virtuous circle of stronger public support leading to larger aid budgets, or at least countering pressures to reduce them," Tim Lankester, head of Britain's Overseas Development Administration, told a two-day meeting of aid officials that ended here Tuesday.

The new guidelines, which are not binding, are officially described as "principles and approaches"

and "areas for action" in providing official development assistance. This covers official grants and concessional loans, which this year are estimated to have totaled about \$64 billion.

The aims were spelled out in a paper entitled "Orientations on Participatory Development and Good Governance."

It states: "There is a vital connection between open, democratic and accountable systems of governance and respect for human rights, and the ability to achieve sustained economic and social development."

Acknowledging that these links are neither simple nor uniform, the Development Assistance Committee of the Organisation for Economic Co-operation and Development said that "sustainable development requires a positive interaction between economic and political progress."

"This connection is so fundamental," it said, "that participatory development and good governance must be central concerns in the allocation and design of development assistance."

South Asian Voting Season Passes in Comparative Calm

By Molly Moore

Washington Post Service

NEW DELHI — The recently concluded election season in South Asia was momentous for what did not occur: no military takeovers, no major riots and only a handful of campaign-related shootings and ballot-box lootings.

Contrary to the predictions of politicians and pundits, Hindu religious fanatics did not seize control of India, and Muslim extremists did not rise to power in Pakistan. Voters refused to be swayed by either religious passions or political shenanigans.

While local newspaper columnists and political observers deplored the campaigns as among the duller ever on the subcontinent, the elections of 1993 signaled a turning point in the maturation of these two struggling democracies.

"It is a tribute to the Indian political system that the voter, when all is said and done, is far more perspicacious, clear-headed and definitive in his judgment than the politicians who hanker after his vote," wrote Aron Purie, editor of India Today, a news magazine.

For once, the democratic process was allowed to work. International election observers declared Pakistan's state and national elections the most free and fair in recent history. Voters in some of India's most politically important states rejected the appeals of Hindu fundamentalists to overrule secular government.

Nowhere are voters more jaded than in South Asia, where political corruption is the norm and election upheaval is routine. In a recent survey asking voters to rank the professions according to their usefulness to society, Indians rated politicians just a notch above prostitutes.

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To understand the voters' angst, one need only look at a few highlights from the election season:

In Pakistan, rival political leaders placed members of the Punjab state assembly under house arrest for several weeks in the Islamabad Marriott Hotel, where they left thousands of dollars in unpaid bills and became the laughingstock of the nation.

In India, officials in one state prohibited candidates from carrying weapons, in an effort to curtail the usual election-day violence; a candidate in a district race ordered his campaign workers to buy up all the available white bannor cloth to prevent his opponent from posting campaign signs, and the country's chief election commissioner threatened to cancel all elections in mid-campaign.

In both countries, religious extremists tried to rile the masses with emotional appeals to their loyalties to Allah or Lord Ram. One year ago, after radical Hindu nationalists demolished India's most sacred mosque in the northern town of Ayodhya, touching off riots that killed more than 2,000 people, many political leaders and journalists predicted the collapse of India as a modern secular state.

The Bharatiya Janata Party, the rightist Hindu nationalist opposition group whose rhetoric and par-

ty militants spurred the demolition of the mosque, had hoped its platform would propel it to greater national power.

Instead, the voters — mostly poor, lower caste and far more interested in day-to-day pocketbook issues than religious oratory — rejected the party, defeating its candidates in three of the four states it held at the time the mosque was destroyed.

In the fourth state, the party is struggling to pull together a weak majority. Its only strong win came in the newly created state assembly for the national capital, New Delhi, where it capitalized on support among urban voters.

But Indian voters were not enamored of the party now in power, Prime Minister P. V. Narasimha Rao's Congress (I) Party, usually the spokesman of the poor, rural and lower castes. Congress itself is in disarray, with Mr. Rao entangled in allegations he accepted a suitcase full of money as a bribe from one of India's most infamous businessmen.

In India's most populous state — Uttar Pradesh, with a population equal to more than half of the United States — voters ushered a local socialist-leaning party into power, rejecting both major national parties.

In Pakistan, the military has ruled under martial law for more than half of the country's history as an independent nation. But the military was credited with ensuring this year's free elections, which led to the return of Benazir Bhutto as prime minister.

Hosokawa Wins Crucial Extension on Reform Bill

Reuters

TOKYO — Prime Minister Morihiro Hosokawa won valuable breathing space when his ruling coalition forced through a 45-day extension of parliament on Wednesday to keep alive hopes for enacting crucial political reforms.

Takako Doi, the speaker of the lower house, announced that the motion passed the chamber less than an hour before a midnight deadline.

Parliament also approved a 700 billion yen (\$6.5 billion) supplementary budget to help finance anti-recession measures that were announced in September.

Mr. Hosokawa, beset by the issues of rice, recession and political

reforms, wanted the extra days so that he could push through his changes, which have been stalled for about a month.

When he came to power in August, Mr. Hosokawa promised to enact the reforms by the end of the year or take political responsibility, meaning that he would resign or call a special election.

The opposition Liberal Democratic Party and the Communists opposed the extension, arguing that Hosokawa should instead draft next year's budget by the end of the month to allay fears that there was nothing under way to stimulate the economy.

The Liberal Democrats, except for a handful of rebels, boycotted

the session where the extension vote took place. That meant Mr. Hosokawa would face a prolonged Liberal Democratic boycott of debate on the reforms package starting Thursday.

The passage of the supplementary budget was likely to step up pressure on Mr. Hosokawa to announce more measures to stimulate the recession-plagued Japanese economy.

The fiscal measure was needed to balance the government's overall budget for the 1993-94 year ending in March, which would now be increased to 75.25 trillion yen (\$690 billion).

Parliament will recess over the New Year, and a 45-day extension

until Jan. 29 would mean that business will be conducted for only about 30 days.

During the extension, Mr. Hosokawa must also take steps to placate farmers angry about Tuesday's decision to allow limited rice imports, which he described as necessary to save the Uruguay Round of global trade talks.

Without an extension or steps to carry the reform measures over to the next sitting, the bills, which have top priority in Mr. Hosokawa's anti-corruption government, would have died.

The last two Liberal Democratic governments resigned because they failed to act on the measures and

stem rampant political corruption. Mr. Hosokawa's fragile coalition has struggled for three months to enact its reforms against stiff opposition from a Liberal Democratic Party bent on avenging its July 1993 election defeat.

Since that time the recession has worsened, with each new economic indicator charting a steeper decline. Finally, the slumping economy began hurting Mr. Hosokawa's popularity after a three-month public-opinion honeymoon.

A poll by the daily Tokyo Shinbun on Wednesday showed that approval of government performance had fallen 12 percentage points since Oct. to 62 percent.

State of the ART.

The art of advanced civilisations that preceded modern, democratic Turkey isn't all in our museums - as is this ancient mosaic of Medusa. With Turkish Airlines the art of flying has always been advanced. Today we have one of the most modern fleets available. And that means whether you're flying direct from New York, London, Paris, Frankfurt, Zurich or Tokyo, your trip will be totally relaxed. Especially with our warm Turkish hospitality, which, unlike Medusa, will never leave you stone cold.

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Bombs Could Fall, Koreans in Japan Warned

Agence France-Press

TOKYO — A huge flow of cash and high technology to North Korea from Kim Il Sung's loyalists in Japan could result in nuclear bombs falling on them in a regional conflict, a Japanese analyst warned.

The analyst, Katsumi Sato, also predicted that the United States effort to seek a negotiated solution to the nuclear question would only help Pyongyang buy time to perfect nuclear bombs, reducing their size and weight for delivery by missiles.

"The U.S. Defense Department said it might take two years," said Mr. Sato, director of the Modern Korea Institute in Tokyo. "But Japanese experts believed size and weight reductions would be possible within six months to one year if Russian experts are scooped."

He said that United Nations economic sanctions against North Korea over its refusal to allow inspections would be effective only if Japan cuts the Tokyo-Pyongyang connection.

He has estimated in the past that pro-Pyongyang ethnic Koreans in Japan send some 60 billion yen (\$570 million) a year to the hard-line Communist state, helping its economic survival and its suspected nuclear program.

The figure has led some American officials and members of Congress to put pressure on Japan to tighten allegedly loose customs and foreign exchange controls on Korean residents in Japan.

YEAR-END U.S. STOCK MARKET ROUND-UP

On January 10, 1994, the IHT will carry an 8-page editorial feature that sums up the past year's activities in the U.S. stock markets.

Among the topics to be covered are:

- The Dow and other stock market measures surging to new records
- U.S. investment
- A new brigade of foreign companies on U.S. exchanges
- Privatization in Europe
- U.S. mutual funds go international

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Herald Tribune

THE GATT ACCORD / REALIGNING BARRIERS

A Pivotal Trade Event: The Outlines of the Global Mall

By Roger Cohen

GENEVA, Switzerland — For all its murkiness, the trade agreement struck here has traced important contours of the post-Cold War era. The negotiations that began seven years ago in moderate obscurity have ended as a pivotal event, engaging heads of state in discussions about rice and the likes of Steven Spielberg and Mario Vargas Llosa in heated debate about cultural values.

third and extend trade rules to a host of new areas, including agriculture, what emerged from the 117-nation talks was a world suspicious of U.S. economic and cultural domination and reluctant to accept an invitation to the global mall.

NEWS ANALYSIS

While, to the end, nobody was prepared to pronounce a collapse of the talks — tantamount to entering a political and economic dislocation within the Western world — the end of the negotiations, in fact, marked a turning point in the history of the world.

Most significant, the world's, and particularly America's, booming trade in movies, music and other entertainment became a subject not for agreement but for unresolved and vitriolic conflict between the United States and Europe.

Did the world, by endorsing the free-trade principles of GATT, really want to demolish national identities in favor of a blanket U.S.-dominated culture? That may sound like an extreme point of view — and there has been much relentless caricaturing of the United States in Europe in recent weeks.

France's Trump: U.S. Wanted Pact To Win Its Demands, Paris Also Nurtured EC Solidarity

By Tom Buerkle

BRUSSELS — Only three months ago, European Community officials seemed backed into a desperate corner by Wednesday's deadline for a global trade agreement, fearing that they faced both a deep rift between France and its EC partners and punishing trade retaliation by the United States.

Divining GATT's Bottom Line Free Trade = Prosperity (or Vice Versa?)

By Peter Passell

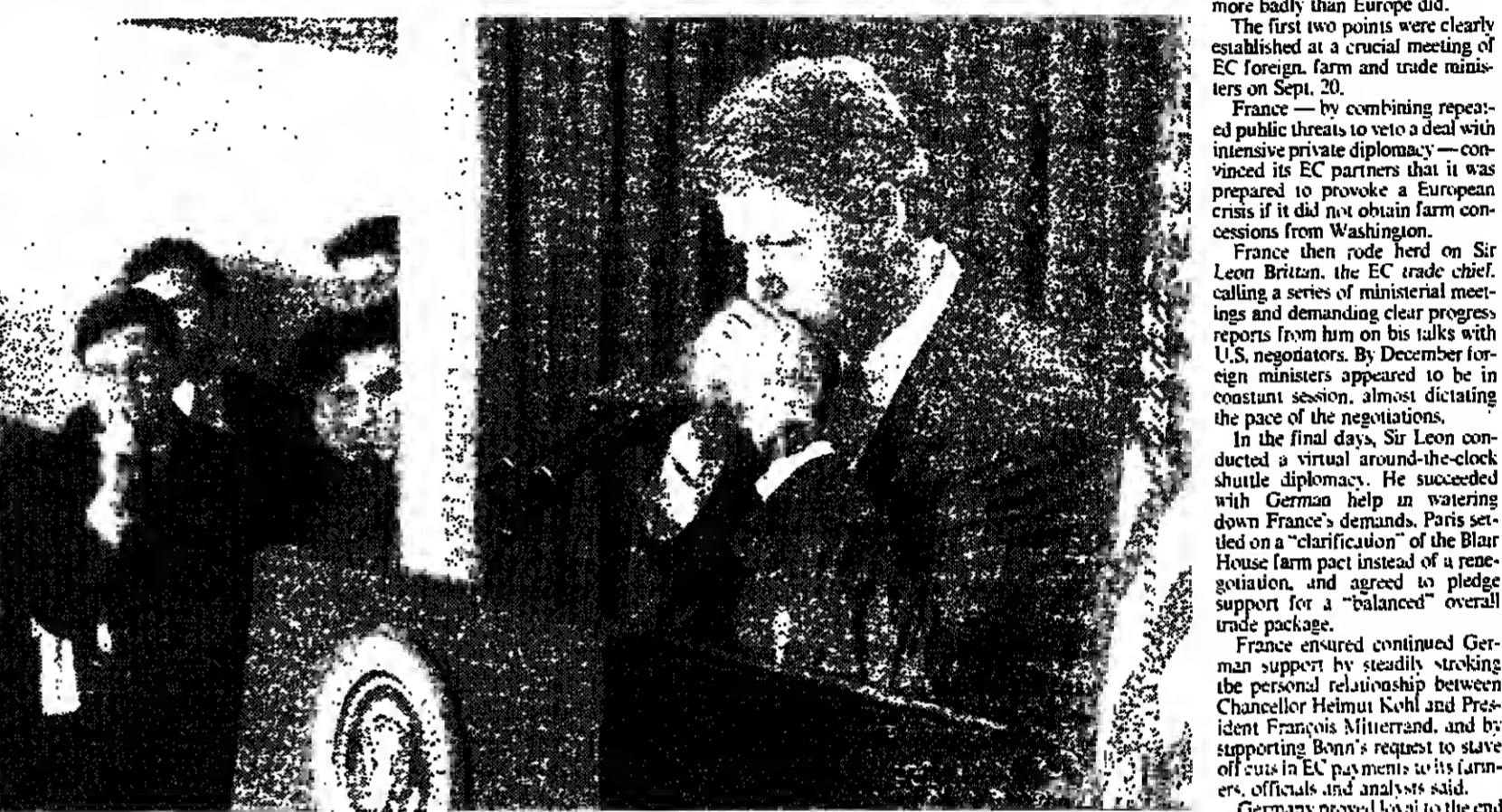
Free trade means growth, free trade means growth, free trade means growth. Just say it 50 more times and all doubts will melt away.

Free trade would add about 1 percent to the average American's income.

NEWS ANALYSIS

conviction that open trade drives global prosperity rests more on observation than on well-developed theory.

Those that focused on the expansion of trade (Hong Kong, Taiwan, Singapore, South Korea, Thailand, Malaysia) have done very well. Those who tried to develop by pushing for self-sufficiency (India, Vietnam, Burma, North Korea) have done very badly.



President Bill Clinton as he prepared Wednesday to hail passage of the GATT agreement at a White House press conference.

CLINTON: Congress Needs 18 Months Before Accord Can Be Ratified

Continued from Page 1 elections, they said that it would almost certainly take until June or July 1995 to be completed and voted upon.

realy, cautioned the administration that now that GATT negotiations are completed, "a new and perhaps more critical process begins. This agreement can take effect only if Congress chooses to approve it. Our job is to determine whether the agreement serves the best economic interests of the United States and, further, how to pay for the resultant loss of tariff revenue."

it "did not accomplish everything we wanted."

8,000 different areas — on average by one-third.

Balladur Emerges Looking Presidential

By William Drozdiak

ists and Communists, along with a few rural conservatives, voted against the government.

in addition, Mr. Balladur said his insistence in a telephone call last Sunday with President Clinton that France could never accept a threat to its cultural identity led to the decision by U.S. and EC negotiators to exclude the audiovisual sector from the treaty.

forced to bear much of the sacrifice for EC agriculture policies. But because of the absence of a strong consumer movement in Europe, political fallout from higher food prices is expected to be minimal.

The Losers Assess Consequences Developing Nations Fear More Competition

By Barry James

PARIS — Not everyone came away happy with the Uruguay Round on Wednesday.

Analysts said the multinational companies, which account for about two-thirds of the world's cross-frontier trade, would be the most obvious winners from the deal carried out under the 46-year-old General Agreement on Tariffs and Trade.

Jakarta General Issues A Warning to Students

The Associated Press

JAKARTA — The Jakarta military commander has warned that demonstrations, especially against the president, can no longer be tolerated, the armed forces newspaper reported Wednesday.

As part of the accord, foreign companies are to be granted the same national treatment as domestic concerns, making it easier for multinationals to relocate jobs to low-wage countries, but also leading to the elimination of less efficient companies.

GATT: Deal Promises 'More Trade, Jobs and Growth'

Continued from Page 1 because of an unresolved quarrel between the European Community and the United States over market access.

Washington and Brussels threatened to delay dismantling textile quotas unless they were given better access to the developing countries' textile markets, officials said.

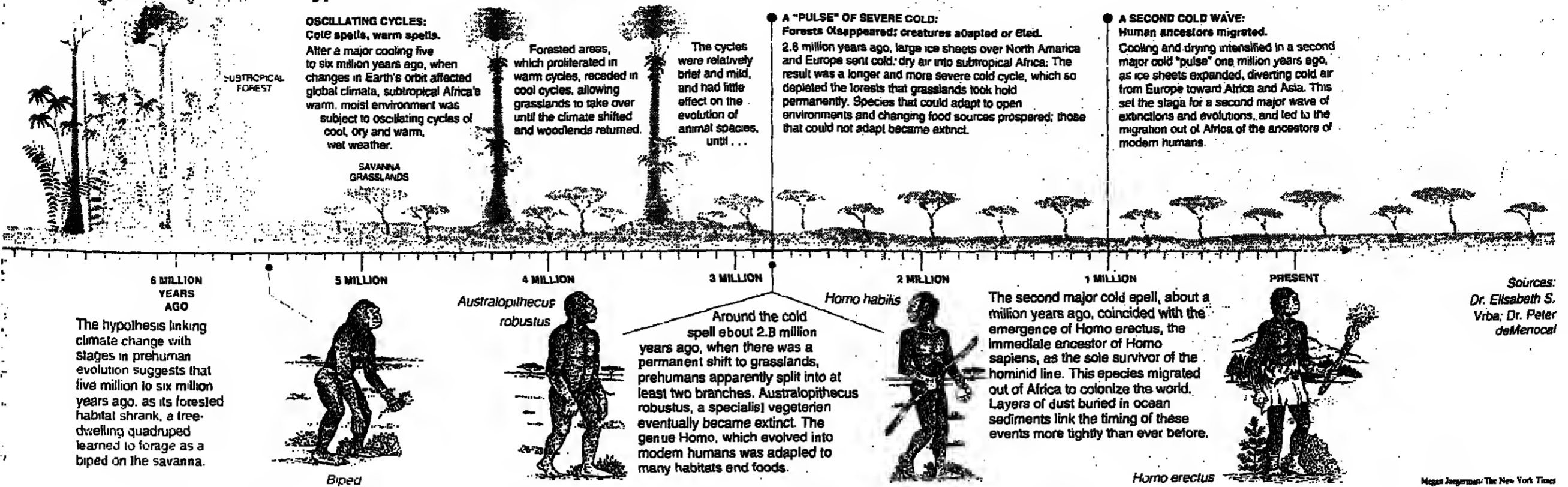
Through these figures, combined with a turnout that failed to reach 55 percent, still reflected powerful dissatisfaction in the state with the political course of the government, at least reformers could claim that they "won" the election, and Mr. Yeltsin could claim a mandate to wield the powers granted him by the new Constitution to pursue economic and social changes.

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To our readers in Warsaw/Memberships only

HEALTH / SCIENCE

A Hypothesis of Climate and Evolution



From the Sea, Links Between Climate and Human Evolution

By William K. Stevens

NEW YORK — From the sea floors around Africa, scientists have found intriguing evidence about forces that may have shaped the evolution of humankind.

that around this time, the ancient pre-human line apparently split into at least two branches. One was the genus Homo, which led in time to modern humans.

"We can now place some of the fossils within a specific wiggle in the climate record plus or minus 10,000 or 20,000 years, which is very fine resolution," said Dr. Peter deMenocal, a paleoclimatologist at Columbia University's Lamont-Doherty Earth Observatory.

Whether for that or other reasons, two separate lines of hominids emerged during the major cooling and drying that set in about 2.8 million years ago. At the same time, many woodland species found themselves permanently deprived of suitable habitat by a great expansion of grasslands.

POPULATIONS of plant and animal species shrank, and many species became extinct. Competition for food intensified the pressure. Individuals that squeaked through and adapted to the new habitats became the nuclei of new species, which eventually radiated outward through the transformed environment.

Some evolutionists believe that the need to master a wider range of resources would have put evolutionary pressure on this group of hominids to become more intelligent, thereby promoting the development of more powerful brains.

Repairing the Fermat Proof

By Gina Kolata

NEW YORK — The widely heralded proof of Fermat's last theorem, one of the most enduring and difficult problems in mathematics, has hit a snag in the review process before publication, the proof's discoverer said this week.

Dr. Wiles's proof that Fermat was correct drew on 40 years of mathematical research involving abstractions that seemed completely removed from the equations of Fermat's theorem.

Living With a Common Gene Abnormality

By Jane E. Brody

NEW YORK — Now that prenatal diagnosis has become widespread, many pregnant women are being told that although their babies will not have Down's syndrome, they are carrying boys who have an extra X chromosome, the so-called female sex chromosome.

Unlike Down's syndrome, which becomes far more common among the children of older parents, the risk of XXY increases only slightly with parental age. No other risk factors are known.

anyone else who had a son with this condition. The reports she gleaned from medical textbooks painted a grim picture of abnormal social misfits. In desperation, she sent a letter to Ann Landers, and after its publication she was flooded with more than 1,000 responses from parents of XXY sons and from XXY men from the United States, Canada and other countries.

MELISSA A.'s son was started on injections of testosterone at 11. "Now my son is doing fantastically. He's in a regular school, belongs to the Boy Scouts, and he'll grow up and go to college just like other intelligent boys."

IN BRIEF

Cholesterol Linked To Fetus Growth

LONDON (Reuters) — British researchers believe that concentrations of cholesterol in the bloodstream, strongly associated with heart disease, may be linked to babies' growth rates when they are still in the womb.

An Explosion Felt In Constantinople

NEW YORK (AP) — A giant volcanic explosion in the South Pacific described in 15th-century legends actually occurred in early 1453, affecting the siege of Constantinople, an astronomer has reported.

NO OTHER LIFE

By Brian Moore. 223 pages. \$21. Nan A. Talese/Doubleday. Reviewed by Christopher Lehmann-Haupt

BOOKS

NO OTHER LIFE

By Brian Moore. 223 pages. \$21. Nan A. Talese/Doubleday.

Reviewed by Christopher Lehmann-Haupt

IN his latest novel, "No Other Life," the Canadian writer Brian Moore tells a story of such relevance to current political events that one can read it almost as background to yesterday's headlines.

Jean-Paul, or Jeannot as he is known, begins his mercurial career as a priest dedicated to improving the lot of Ganae's poorest people.

BRIDGE

By Alan Truscott

THE oldest established permanent floating bridge game in New York is played Monday nights and is in its 40th year. It is a cut-around team game, and in 1991 it floated from the defunct Cavendish Club to the Town Club at 9 East 86th Street.

Table with columns for NORTH, WEST, EAST, SOUTH and card suits (♠, ♥, ♦, ♣). It shows the layout of a bridge hand.

At the other, East thought it was safe to play a third round of clubs, since there was some chance of promoting a trump trick if West held the spade jack, Andrew Arkin said.

WHAT THEY'RE READING

Daniel H. Vergin, president of Cambridge Energy Research Associates, is reading "Lenny's Tomb: The Last Days of the Soviet Empire" by David Remnick.

The collapse of communism caps the 20th century. Yet the 'why' remains much more obscure than the 'how.' Remnick not only masterfully tells the story but also captures the power of history itself.

After a detour to Rome, where the Vatican instructs him in an act as an intermediary between the church fathers and Jeannot. Father Paul returns to Ganae and watches closely as the gulf between Jeannot and his enemies widens.

Like some of Moore's previous fiction, the narrative of "No Other Life" is flawed by a sense of inevitability in its pell-mell pace. Everything seems fated in advance.

North and South were vulnerable. The bidding: East South West North 3♠ Pass 3♠ Pass 4♠ Pass 4♠

GUCCI advertisement featuring a black leather handbag and the brand name in large letters. Below the name is a list of international store locations: Firenze, Milano, Roma, Bologna, Brescia, Cannes, Copenhagen, Dublin, Geneva, London, Madrid, Paris, Zurich, Bangkok, Hong Kong, Jakarta, Kuala Lumpur, Manila, Seoul, Singapore, Taipei, Tokyo.

Advertisement for the book "No Other Life" by Brian Moore. It includes a quote from Christopher Lehmann-Haupt: "The collapse of communism caps the 20th century. Yet the 'why' remains much more obscure than the 'how.' Remnick not only masterfully tells the story but also captures the power of history itself." The book is published by Nan A. Talese/Doubleday.

Handwritten Arabic text at the bottom center of the page.

THE TRIB INDEX: 108.18

International Herald Tribune World Stock Index ©, composed of 290 internationally investable stocks from 25 countries, compiled by Bloomberg Business News, Jan. 1, 1992 = 100.

World Index
12 MRS close: 108.18
Previous: 100.42

Region	Approx. Weighting	Close	Prev.	% Change
Asia/Pacific	32%	116.45	117.09	-0.55%
Europe	37%	110.72	110.91	-0.17%
North America	28%	95.89	96.58	-0.72%
Latin America	5%	114.19	114.28	-0.08%

Industrial Sectors

Sector	Wtd. Close	Prev. Close	% Change
Energy	105.91	106.13	-0.21
Utilities	115.38	115.59	-0.18
Finance	111.78	112.57	-0.72
Services	117.82	117.51	+0.26
Capital Goods	107.79	108.91	-1.02
Raw Materials	108.22	108.61	-0.36
Consumer Goods	95.40	95.43	-0.03
Manufactures	126.01	126.72	-0.56

For more information about the index, a booklet is available in French, write to Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France.

For Benetton, a High-Tech Spin Clothes Maker Weaves Strategy Around New Plant

By Jacques Neher
International Herald Tribune

CASTRETTE DI VILORBA, Italy — From a distance, Benetton Group SpA's new \$30 million production facility looks more like a suspension bridge than a factory. Cables from rows of steel towers 25 meters (80 feet) tall hold up a roof bigger than five soccer fields.

Inside, the suspended roof has eliminated the need for support columns, which means that production modules, plugged into a fiber-optic network linked to nearby factories and a retail chain spanning 110 countries, can be easily rearranged to fit constantly varying output demands.

Luciano Benetton, showing off the jeans and jacket factory this week at the Benetton production and distribution complex near his Treviso headquarters, northwest of Venice, is convinced that only such advanced industrial designs can pull Europe's textile industry, decimated in Britain, Germany and France over the past 25 years, back from the abyss.

"This plant is a sign of hope for the future," said Mr. Benetton, the company's 58-year-old chairman. "Only technology can save the sector in this part of the world."

If European producers cannot hope to compete with low-wage

countries of the Third World, he maintains they can still produce high-quality clothing at lower prices by employing better raw materials, innovative machinery and by designing greater flexibility and efficiency into the production and distribution process.

For example, Benetton has just put into operation a computer-controlled knitting machine capable of producing a seamless sweater from one spool of yarn in only a half hour, eliminating the work of a seamstress normally employed to sew fronts, backs, sleeves and ribbing together.

Mr. Benetton said the new plant, which is set to double in size and investment with the opening of an adjacent facility in 1995, will play a key role in the company's strategy for the rest of the decade. He said he aims to cut costs in Italy on goods destined for Western markets, retrain Benetton's store and merchandising staff in the United States, where its small shops have suffered, and pursue joint ventures to produce locally in emerging markets, particularly in China.

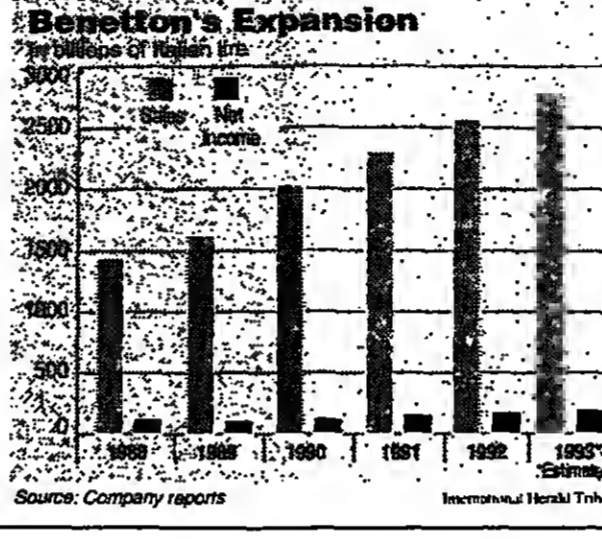
The new facility, set to turn out 18 million pieces of clothing a year, will offer cost savings per piece of 10 to 30 percent, he said. Three hundred people are employed to produce a level of goods up to now requiring 600 people.

"This is a very interesting factory because it will allow them to increase volume and turnover without increasing their costs," said Simone Condati, analyst with BNL-Credito Lyonnais Securities in Milan. "It's the only way they can successfully compete in Europe."

Analysts estimated labor costs, which totaled 10.3 percent of sales in 1992, would decline to around 9 percent by 1995.

At the same time, Benetton is stepping up research efforts to improve the yarns and fabrics used in each seasonal collection of around 3,000 clothing items. A sheep ranch in Patagonia and a cotton plantation in Texas — owned by the Benetton family holding company, Edizione Holdings — are at work on new processing techniques to improve the raw material, he said. Benetton claims to be the largest consumer of virgin wool in the world.

"We're trying to get our production techniques to catch up with



Kodak Dives as Chief Warns on Profit

Copied by Our Staff From Dispatches

NEW YORK — The chief executive appointed to turn around struggling Eastman Kodak Co. decried optimism about a quick recovery Wednesday in one of his first acts since taking the helm, sending the photographic company's stock tumbling.

George Fisher, who became chief executive this month, said analysts' earnings projections were higher than he would be able to deliver. Kodak stock dove \$7.25, to \$55.50, in Wednesday's trading on the New York Stock Exchange.

Mr. Fisher, who had surprised Wall Street by jumping ship from Motorola Inc., issued a statement cautioning that he did not see a quick turnaround. Mr. Fisher said he agreed with estimates that Kodak's 1993 results "will be essentially level with last year's operating level."

But for 1994, he said, "I see consensus estimates of Kodak's earnings well above what I believe we will be able to deliver."

The company was expected to earn about \$4.28 a share in 1994, according to the mean estimate of 19 analysts surveyed by Zacks Investment Research.

Mr. Fisher's outlook trimmed \$2.05 billion from Kodak's market capitalization.

While the company expects to meet its cash flow commitments for the year, its earnings growth will most likely be "quite modest, in the mid-single digit range unless we see considerably more growth than now anticipated," Mr. Fisher said.

Mr. Fisher emphasized that Kodak must reduce its costs in order to boost profits. "As I said in October, we need to put our financial house in order," he said.

But he added: "Cost cutting alone, however, is not the long-term answer. It is simply one means — an important lever — to create a more competitive company."

Kodak's gloomy earnings estimate reflects its efforts to transform itself into an electronics-based company from a chemicals-based concern, said Nicholas Heymann, analyst at NatWest Securities Corp. In the process, the company is sacrificing short-term earnings, he said.

"You don't get the benefits of everything Mr. Fisher is trying to do instantaneously," Mr. Heymann said. There will be "a couple of transitional years."

(Bloomberg, Reuters)

Daimler Claims Worst Is Over After Big Loss

By Ferdinand Proitzman
New York Times Service

BONN — Daimler-Benz AG said Wednesday it had turned the corner after posting the worst loss in its postwar history for the first nine months of the year.

Daimler, which was listed on the New York Stock Exchange this year, disclosed last month that under U.S. accounting methods, it had a loss of 2.05 billion Deutsche marks (\$1.19 billion) in the nine months.

Since the listing, the maker of Mercedes-Benz cars and trucks began calculating its earnings using German and U.S. accounting rules. Under Germany's relatively liberal methods, Daimler lost only 181 million DM, compared to a profit of DM 1.27 billion DM in year-earlier period.

Daimler fared much worse using American accounting practices, which focus more closely on operations and do not allow companies to move funds in and out of hidden financial reserves. Much of its loss was due to a one-time charge to cover costs stemming from layoffs of about 31,000 workers in 1993 and 1994, the company said.

"In economic and other ways, 1993 was perhaps the most difficult year of the post-war era for many companies, including Daimler-Benz," said Edzard Reuter, chairman of the company's managing board.

[Separately, Deutsche Bank AG announced that it had applied to sell some shares in Daimler through an offer of American Depositary Shares on the New York Stock Exchange. The sale would cut Deutsche's stake from its current 28.1 percent to below the 25 percent threshold at which the bank could veto some Daimler decisions. That move, and the adoption earlier of U.S. accounting standards, follow Daimler's October listing on the New York Stock Exchange.

The company's Mercedes luxury carmaking unit also announced a new workweek agreement and said it would build a new line of cars in Germany instead of abroad.]

Like other European industrial companies, Daimler has been hurt by economic recession.

But Germany's industrial flag-ship has also been hurt by weak performances at its electronic and aerospace divisions, which were acquired in the mid-1980s. Integrating the businesses has proven much more difficult than Mr. Reuter anticipated and some critics suggest the strategy has failed.

Mr. Reuter argues that it is just beginning to take hold and will pay off if the global economy picks up as expected in 1994. On Wednesday, he cited savings from Daimler's restructuring as well as recent improvement at the Mercedes division as signs that better times are just ahead.

"Given the current upturn in operating results, especially at Mercedes-Benz, plus the progress we have made in this area, we view the coming year optimistically," Mr. Reuter said.

IBM Stays Out Of Bull Plan

AFP-Etel News

PARIS — International Business Machines Corp. will not take part in Groupe Bull's \$3.5 billion franc (\$1.45 billion) capital increase, the two companies said Wednesday.

The announcement, which had been expected, said the companies had agreed to focus on industrial partnerships instead. It did not elaborate. IBM holds a 5.6 percent stake in the state-controlled computer maker.

France wanted IBM to participate in the capital increase to bolster its position in Brussels. The EC Commission is investigating possible unfair state action to prop up Bull.

NEC Corp. of Japan, another investor in Bull, agreed last week to contribute \$65 million to the recapitalization.

INTERNATIONAL MANAGER

New York Can't Keep Biotech Industry

By Tom Redburn
New York Times Service

NEW YORK — Innovator Laboratories, a small company seeking cures for hepatitis, leukemia and other maladies, plans to leave New York City soon. "We need to expand," said Allan R. Goldberg, Innovator's president. "There's all this empty office space in Manhattan, but it's practically impossible to find anything that's right for us. Believe me, I've tried."

So what? Companies migrate from New York all the time. Why fret about one more, particularly since Innovator's culture work force could fit comfortably in two elevators?

Because Innovator, like other biotechnology companies, was supposed to be different. City and state planners have chosen biotechnology — in which living organisms, usually bacteria, are modified genetically to help produce better drugs, harder plant species and new solutions for environmental problems — as one of New York's most promising new industries to nurture.

Specialists say the field has the potential to employ tens of thousands of people, ranging from Nobel laureates to lab technicians and bottle-washers. It would be a welcome addition to an economy vulnerable to the boom-and-bust cycles of its two mainstays, finance and real estate.

By most accounts, New York City has nearly all the ingredients for a thriving biotech industry — strong academic medical centers, talented researchers and sources of venture capital. But the can't-lose formula has failed to jell.

Today, the city has fewer than a dozen biotech companies, employing barely more than 200 people. More than two dozen other start-up companies, using technology developed on Manhattan at institutions such as Rockefeller University, Mount Sinai Medical Center and New York University, have settled elsewhere.

They complain that for all the talk, the city, the state and the renowned medical centers have given them little financial support or even help in finding and equipping the advanced laboratories they need. "They say each sustenance is vital for survival in the biotech industry, where fledgling companies commonly lose money for years before producing a marketable product. And with competing states and localities (Rhode Island, San Diego, North Carolina, Montgomery County, Maryland) dangling incentives and subsidies, several local companies are pressing the city and state to offer comparable help."

Saamed D. Waksal, president of ImClone Systems, the city's largest biotech company, says that New York can renew its economic base only by fostering new industries. His company, on Varick Street in lower Manhattan, close to New York University, employs 120 people.

"We want to help make the city come alive again," Mr. Waksal said. "Just look at our

work force. I've got a guy who started out as a janitor who is now a lab tech trained in growing tissue cultures. We've got black, white, Indian, Hispanic employees. It's a mirror of New York."

But Long Island has a much larger cluster of biotech companies, and several have found homes in Westchester County. Others are scattered throughout New Jersey, closely tied to its major pharmaceutical companies. This growth also benefits New York City because it buys the region's prosperity and these nearby companies maintain some cooperation with the city's medical centers.

Still, the New York region, with about 4,500 people directly employed in biotech companies, is far behind the San Francisco Bay area, which has about 20,000 biotech jobs. It also trails a rapidly expanding core of companies centered on Cambridge, Massachusetts.

A public-private commission under the aegis of the New York Academy of Medicine concluded in a report to be issued soon that the region's declining status as a magnet for the biotechnology industry was "alarming."

The industry, the report warns, "has come to view the region as an unfavorable environment for locating new initiatives."

The exodus of biotechnology companies like Innovator highlights one of New York City's most daunting economic difficulties. Although the city, particularly in Manhattan and Queens, remains an important incubator for new businesses, it often fails to keep such companies as they grow.

"New York's biggest economic problem may be not so much the loss of the headquarter

China Is Top Draw for Foreign Capital

By Carl Gewirtz
International Herald Tribune

PARIS — A record amount of private capital — estimated at \$113 billion this year — is flowing into developing countries, and China is the leading recipient, data published Wednesday by the World Bank show.

These private flows, including investments in stocks and bonds as well as bank loans, outstripped funding from official sources last year for the first time since the outbreak of the debt crisis in the early 1980s, and further increases were projected for this year.

China is attracting the largest single share, with a total capital inflow estimated at \$27 billion for this year. Nearly a quarter of all direct foreign investment in developing countries, or about \$15 billion, goes to Beijing, as does the largest portion of commercial bank loans.

East Asia has been the leading destination of such private flows since the 1980s, thanks to its high rate of growth and — except for the Philippines — relative lack of problems managing its foreign debt.

South Korea is the region's largest issuer of international bonds, with an estimated \$3.5 billion this year. It also is the only developing country whose own foreign direct investment exceeds investment received by it. Outward investment last year was estimated at just over \$1 billion, compared with an inflow of some \$500 million.

About half of the outward flow is to Europe and the United States, principally to gain or secure market share and new technology. Around 40 percent of the outflow is invested elsewhere in Asia by labor-intensive small and medium-sized companies seeking to escape rising production costs at home.

Investment outflows from China were estimated at \$4 billion last year, making it the largest source of investment from within the developing world. But the World Bank says it believes the figure is distorted by "round-tripping" — counting funds sent to Hong Kong and then reinvested in China to obtain preferential treatment.

The study estimates that just over one-third of total foreign direct investment — a record high — now flows to developing countries.

It says the reasons are improving economic performances in Latin

CURRENCY & INTEREST RATES

Dec. 15

Cross Rates	Dec. 15	Dec. 14	% Change
American \$/£	1.73	1.72	+0.58%
Swiss \$/£	1.48	1.47	+0.68%
Japanese ¥/£	160.0	161.0	-0.62%
Mark \$/£	1.52	1.51	+0.66%
Italian \$/£	1.93	1.92	+0.52%
Spanish \$/£	16.8	16.7	+0.54%
Portuguese \$/£	200.0	199.0	+0.50%
Chinese ¥/£	10.5	10.4	+0.96%
Thai ฿/£	55.0	54.0	+1.85%
Indonesian Rp/£	1,700	1,680	+1.19%
Philippine ₱/£	48.0	47.0	+2.13%
Malayian RM/£	3.5	3.4	+2.94%
Singapore S\$/£	1.5	1.4	+7.14%
South African Rand/£	18.0	17.5	+2.86%
Israeli ₪/£	18.0	17.5	+2.86%
Israeli ₪/100 US\$	4.5	4.4	+2.27%
Israeli ₪/100 DM	4.5	4.4	+2.27%
Israeli ₪/100 S\$	4.5	4.4	+2.27%
Israeli ₪/100 ¥	4.5	4.4	+2.27%
Israeli ₪/100 ₱	4.5	4.4	+2.27%
Israeli ₪/100 R₱	4.5	4.4	+2.27%
Israeli ₪/100 R₱	4.5	4.4	+2.27%
Israeli ₪/100 R₱	4.5	4.4	+2.27%
Israeli ₪/100 R₱	4.5	4.4	+2.27%
Israeli ₪/100 R₱	4.5	4.4	+2.27%
Israeli ₪/100 R₱	4.5	4.4	+2.27%
Israeli ₪/100 R₱	4.5	4.4	+2.27%
Israeli ₪/100 R₱	4.5	4.4	+2.27%
Israeli ₪/100 R₱	4.5	4.4	+2.27%
Israeli ₪/100 R₱	4.5	4.4	+2.27%

Alitalia Plans to Slash 1,000 Jobs, Freeze Pay

The Associated Press

MILAN — Italy's struggling state-run airline Alitalia announced plans Wednesday to cut about 1,000 jobs and freeze salaries as part of efforts to reduce costs and debt.

A brief statement by the government holding company IRI to the Riconstruzione Industriale, or IRI, also said the carrier would increase flights from Milan.

The lack of a strong base in northern Italy was considered a principal weakness of Alitalia, costing it an estimated \$200 million a year. Asset sales are also being considered under the restructuring plan.

The statement gave no details of a possible merger or alliance with another airline, but an IRI official, speaking on condition of anonymity, said discussions are still under way with Houston-based Continental Airlines and other carriers.

No deal has been signed, the official said.

Last month, Alitalia said it was contemplating a link-up with Continental. At the time, Continental said it had held discussions "with several global carriers," but refused to give details. Continental could not be reached for comment Wednesday.

Alitalia has also been reported to be considering links with other European or Asian airlines.

The carrier has been hit hard by Europe's recession and by rising labor and operating costs. Alitalia lost 214 billion lire (\$138 million) during the first half of 1993 and predicted it would finish the year in the red.

Malaysian Air Stake Sold

Malaysian Helicopter Services Bhd. will buy 32 percent of Malaysia Airlines from the central bank in a 1.8 billion ringgit (\$703 mil-

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MARKET DIARY

Plunge by Kodak Pulls Market Lower

Compiled by Our Staff From Dispatches

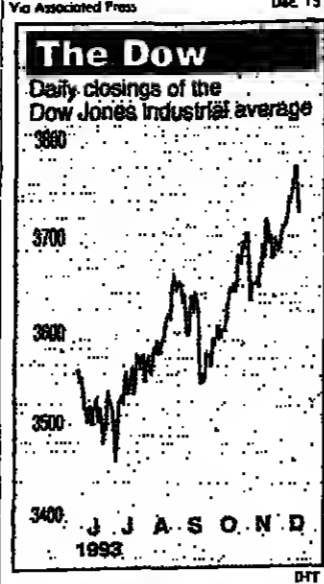
NEW YORK — Stock prices fell Wednesday for the second day in a row as a plunge in Eastman Kodak shares pulled the market's blue-chip issues down. The Dow Jones industrial average lost 25.71 points...

rest rates because they make shares less attractive and increase corporations' borrowing costs. The steep decline in Kodak reminded investors again that, especially near the end of a quarter, the stock market has been extremely sensitive to disappointments of any kind.

General Mills fell 7/8 to 60 1/4. It posted weaker-than-expected quarterly earnings and said its sales of cereal in the United States fell 5 percent. Among other active NYSE issues, Anway Asia Pacific Fund...

On the American Stock Exchange, Xytron rose 1/2 to 9 1/4 in active trading after a broadcast report of an analyst's positive views on the company, which researches and develops biotechnology products.

A.P. Knight-Ridder, Bloomberg



NYSE Most Actives. Table with columns: Vol., High, Low, Last, Chg. Includes stocks like Enscorp, Amgen, and Sun Microsystems.

AMEX Most Actives. Table with columns: Vol., High, Low, Last, Chg. Includes stocks like Enscorp, Amgen, and Sun Microsystems.

NYSE Diary. Table with columns: Advanced, Declined, Unchanged, Total Issues, New Issues. Summary of market activity.

AMEX Diary. Table with columns: Advanced, Declined, Unchanged, Total Issues, New Issues. Summary of market activity.

NASDAQ Diary. Table with columns: Advanced, Declined, Unchanged, Total Issues, New Issues. Summary of market activity.

N.Y. Stocks

graphic products and chemicals company's profit will be flat this year and next, sending its stock down 7/8 to 55 1/2. It's possible more than offset any positive effects of the successful conclusion of world trade talks...

Dollar Gains as Mark Comes Under Pressure

Compiled by Our Staff From Dispatches

NEW YORK — The dollar rose Wednesday in subdued trading, drawing support from speculation that the German central bank might move to nudge interest rates lower soon.

14,650 francs but eased to 5.8620 French francs from 5.8638. The pound fell to \$1.4785 from \$1.4885. Against the Japanese currency, the dollar peaked at 109.90 yen...

Foreign Exchange

year-end review and has scheduled a news conference after the meeting. Bundesbank President Hans Tietmeyer has said the conference would focus on the central bank's 1994 target for growth in the money supply.

Analysts said the dollar also was drawing strength from lingering concern about the strong economic showing of the Russian ultraconservative Vladimir Y. Zhirinovskiy, who has demanded major changes in President Boris N. Yeltsin's economic reform program...

Dow Jones Averages. Table with columns: Index, Open, High, Low, Close, Chg. Includes Industrial, Transportation, Finance, and All-Share.

Standard & Poor's Indexes. Table with columns: Index, Open, High, Low, Close, Chg. Includes Industrials, Transportation, Finance, and All-Share.

NASDAQ Indexes. Table with columns: Index, Open, High, Low, Close, Chg. Includes Composite, Industrial, Finance, and All-Share.

AMEX Stock Index. Table with columns: Index, Open, High, Low, Close, Chg. Includes Composite, Industrial, Finance, and All-Share.

Dow Jones Bond Averages. Table with columns: Index, Open, High, Low, Close, Chg. Includes 20 Bonds, 10 Year, and 30 Year.

Market Sales. Table with columns: NYSE, AMEX, NASDAQ, Volume, Value, and Shares.

N.Y.S.E. Odd-Lot Trading. Table with columns: Date, Buy, Sell, Volume, Value, Shares.

S&P 100 Index Options. Table with columns: Symbol, Bid, Ask, Last, Chg. Includes various options contracts.

EUROPEAN FUTURES

Table of European futures contracts including Food, Industrials, and Metals.

Table of Commodities including Cotton, Coffee, and Sugar.

Table of Stocks including IBM, Microsoft, and Apple.

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Table of Stock Splits for various companies.

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Table of Special Dividends for various companies.

Table of Stock Splits for various companies.

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Table of Stocks including Dow Jones, S&P 500, and NASDAQ.

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Table of Stock Splits for various companies.

Table of Special Dividends for various companies.

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Table of Special Dividends for various companies.

Table of Stock Splits for various companies.

WORLD STOCK MARKETS

Table of world stock markets including London, Paris, Frankfurt, and Amsterdam.

Table of world stock markets including Tokyo, Hong Kong, and Singapore.

Table of world stock markets including Seoul, Taipei, and Manila.

Table of world stock markets including Jakarta, Kuala Lumpur, and Bangkok.

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Table of world stock markets including 香港, 台北, and 澳门.

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Table of world stock markets including 广州, 香港, and 澳门.

November Industrial Output Rises

WASHINGTON (AP) — Output at U.S. factories, mines and utilities rose 0.9 percent in November, the sixth straight gain and the largest in a year, the government said, adding to recent evidence that the economy was improving.

In a second report, the Commerce Department said business inventories were unchanged in October, the first time in three months they failed to increase. Sales, on the other hand, rose 0.4 percent, the sixth advance in seven months.

The combination resulted in an inventory-to-sales ratio of 1.45 in October, down from 1.46 a month earlier. The ratio means it would take 1.45 months to deplete stockpiles at the October sales pace.

RJR Consolidating Nabisco Globally

NEW YORK (Bloomberg) — RJR Nabisco Holdings Corp. said it would fold its Nabisco International unit into Nabisco Foods Group in a move that will consolidate its worldwide food businesses.

The food and tobacco conglomerate said it felt the combination would allow it to more effectively manage and expand its food operations on a global basis.

CompUSA's Chairman Morton Quits

DALLAS (AP) — Nathan Morton, chairman and chief executive officer, has resigned from CompUSA Inc., the largest American computer superstore retailer, the company said Wednesday.

CompUSA said its directors named President James Halpin chief executive officer after accepting Mr. Morton's resignation. Giles Bateman was named board chairman.

Corning Plans Mexico Joint Venture

NEW YORK (Combined Dispatches) — Corning Inc. said Wednesday it would expand its optical fiber business with an acquisition and end a joint venture with a Mexican company in the consumer glass business.

The company also said it planned to sell 6.7 million shares of common stock to help finance the transactions. Corning said it and Stecor, its joint venture with Siemens AG, would pay \$130 million to acquire the optical fiber and optical cable assets of Northern Telecom Ltd.

MCI to Take Consolidation Charge

WASHINGTON (Bloomberg) — MCI Communications Corp. said it would take a fourth-quarter charge of up to \$150 million primarily to reflect costs associated with its realignment. The charge will also reflect consolidation costs related to MCI's acquisition of British Telecom North America, a unit of British Telecom Plc, the company said.

For the Record

Zenith Electronics Corp. said it planned to restructure certain product areas and re-engineer its consumer electronics and cable business, resulting in a fourth-quarter charge of up to \$30 million.

British Airways asked a U.S. court to dismiss a \$325 million U.S. antitrust suit filed against it by Richard Branson's Virgin Atlantic Airways, a Virgin spokesman said on Wednesday.

Stock Indexes

Table of stock indexes including Dow Jones, S&P 500, and NASDAQ.

Table of stock indexes including FTSE 100 and Nikkei 225.

Table of stock indexes including Hang Seng and HSI.

Table of stock indexes including Nikkei 225 and Nikkei 500.

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WORLD STOCK MARKETS

Agency France Presse Dec. 15

Large table of world stock markets including Amsterdam, Brussels, Frankfurt, London, Milan, Madrid, Sao Paulo, Singapore, Stockholm, and Zurich.

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SEAT Staff Cuts Get Conditional Catalan Approval

MADRID — The Catalan regional government gave Volkswagen AG approval on Wednesday for a string of staff reductions at its SEAT subsidiary in exchange for a promised investment of 120 billion pesetas (\$856.9 million).

The regional government gave Sociedad Española de Automóviles de Turismo SA, permission to lay off 4,616 workers over the next three years and give early retirement to 2,900 as part of the company's plan to shed 9,000 jobs from a work force of 13,500 at its Zona Franca factory.

The VW supervisory board is to meet Saturday in Germany to approve the restructuring plan, including the capital injection intended to offset SEAT's expected losses of 160 billion pesetas for 1993. Mr. Llorens revealed that apart from the 120 billion pesetas from VW, SEAT will invest 67 billion pesetas in its manufacturing, most likely funded from the units own cash flow. The investments are part of an industrial plan for 1994 to 1998, under which SEAT will increase the capacity of the Martorell plant to 500,000 cars a year by 1996.

Inflation Slides in Britain

LONDON — Britain's core inflation rate fell in November to its lowest level on record, boosting expectations that bank base lending rates would be cut from the current 5.5 percent early next year. The annual inflation rate excluding mortgage-interest payments, the government's favored measure of inflation, fell to 2.5 percent from 2.8 percent in October, the Central Statistical Office said.

VW Feud Puts Skoda in Danger

MLADA BOLESLAV, Czech Republic — Along the conveyor, shining Skoda cars keep moving, interrupting their march to allow red robot arms, spraying sparks from their bifurcated fingers, to weld tiny parts to their frames. Nine hundred vehicles a day roll off the line, window stickers like passports: Turkey, Britain, Israel, China, Russia, Poland and every corner of the Czech and Slovak republics.

Prague suggests VW has violated the spirit, if not the letter, of the 1991 agreement that ultimately will give the German automaker 70 percent of Skoda. Mr. Kohler said, should be happy. "We are responsible for this company and we are working for the profit of Skoda, not Volkswagen," said Mr. Kohler. "Our aims and the aims of the Czech government are the same — for Skoda to be successful."

Victory Smells Sweet for Champagne Industry

By Suzy Menkes International Herald Tribune PARIS — Champagne is losing its sparkle for Yves Saint Laurent — but not until the end of the year. The perfume launched in September by the fashion and perfume house Yves Saint Laurent SA and named for France's famous bubbly has been banned from France as of Dec. 30, when all products, packaging and advertising using the Champagne name must be destroyed.

BENETTON: Clothes Maker Spins High-Tech Strategy at New Factory

Continued from Page 9: our advertising image," said Francesca Mattia, a Benetton fashion director, referring to the company's trademark photographic ad campaigns that focus on society's ills — from AIDS to racism — rather than clothes. "New technology will be our ally."

Benetton's stock has risen 79 percent over the past 12 months, closing Wednesday in Milan at 25,700 lire. Edizione Holdings, headed by Mr. Benetton's brother, Gilberto, owns 80 percent of Benetton Group, with the remaining 20 percent trading on the market.

Rate the world's best restaurants with Patricia Wells.

The IHT's restaurant critic has set out on a rare and ambitious gastronomic journey, a search for the 10 best restaurants in the world. She will be rating, in month-to-month articles, the top restaurants from region to region, and comparing them to one another.

THE FRONT PAGE 1887-1992 A BOOK OF GREAT FRONT PAGES FROM THE INTERNATIONAL HERALD TRIBUNE REPORTING THE MAJOR EVENTS OF THE PAST CENTURY. Reproductions of 150 front pages, many with Herald Tribune exclusive articles like first-hand reports from the sinking Titanic, the Dreyfus trial, the 1981 failed coup in Madrid, the hurried departure of Marcos from Manila — and the Venice campanile caught in mid-collapse by a Tribune photographer!

Investor's Europe Table with columns for Exchange, Index, Wednesday Close, Prev. Close, and % Change. Includes markets like Frankfurt DAX, London FTSE 100 Index, Paris CAC 40, Amsterdam CBS Trans, etc.

Very briefly: British Petroleum PLC's divestments in 1994 are expected to raise \$1.5 billion and nearly complete the restructuring of the company's asset portfolio. Chief Executive David Simon said.

ING Unit to Purchase 26% Of Privatized Polish Bank

WARSAW — ING Bank will buy 26 percent of Bank Slaski SA, the second Polish bank to be privatized, the Finance Ministry said Wednesday. ING Bank, which will buy 2.4 million of Bank Slaski's 9.2 million shares, is expected to be an active investor with influence on management.



Order form for 'THE FRONT PAGE 1887-1992' book. Includes fields for Name, Address, City/Code, Country, Payment method (Credit Card/Check/Money Order), and Contact information.

NYSE

Wednesday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month	High	Low	12 Month	High	Low
Year Low	Year High	Year Low	Year High	Year Low	Year High
IBM	104	97	102	111	104
Microsoft	56	48	55	65	50
Oracle	32	28	31	38	29
Lucent	26	24	25	31	24
Sun	24	21	23	28	21
Verizon	23	21	22	27	21
WorldCom	22	20	21	26	20
U.S. Bancorp	21	19	20	25	19
Eastman	20	18	19	24	18
3M	19	17	18	23	17
Amgen	18	16	17	22	16
Abbott	17	15	16	21	15
Novartis	16	14	15	20	14
Merck	15	13	14	19	13
Schering	14	12	13	18	12
Johnson & Johnson	13	11	12	17	11
Pfizer	12	10	11	16	10
Eli Lilly	11	9	10	15	9
Amgen	10	8	9	14	8
Abbott	9	7	8	13	7
Novartis	8	6	7	12	6
Merck	7	5	6	11	5
Schering	6	4	5	10	4
Johnson & Johnson	5	3	4	9	3
Pfizer	4	2	3	8	2
Eli Lilly	3	1	2	7	1
Amgen	2	0	1	6	0
Abbott	1	0	0	5	0
Novartis	0	0	0	4	0
Merck	0	0	0	3	0
Schering	0	0	0	2	0
Johnson & Johnson	0	0	0	1	0
Pfizer	0	0	0	0	0
Eli Lilly	0	0	0	0	0
Amgen	0	0	0	0	0
Abbott	0	0	0	0	0
Novartis	0	0	0	0	0
Merck	0	0	0	0	0
Schering	0	0	0	0	0
Johnson & Johnson	0	0	0	0	0
Pfizer	0	0	0	0	0
Eli Lilly	0	0	0	0	0
Amgen	0	0	0	0	0
Abbott	0	0	0	0	0
Novartis	0	0	0	0	0
Merck	0	0	0	0	0
Schering	0	0	0	0	0
Johnson & Johnson	0	0	0	0	0
Pfizer	0	0	0	0	0
Eli Lilly	0	0	0	0	0
Amgen	0	0	0	0	0
Abbott	0	0	0	0	0
Novartis	0	0	0	0	0
Merck	0	0	0	0	0
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Pfizer	0	0	0	0	0
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Amgen	0	0	0	0	0
Abbott	0	0	0	0	0
Novartis	0	0	0	0	0
Merck	0	0	0	0	0
Schering	0	0	0	0	0
Johnson & Johnson	0	0	0	0	0
Pfizer	0	0	0	0	0
Eli Lilly	0	0	0	0	0
Amgen	0	0	0	0	0
Abbott	0	0	0	0	0
Novartis	0	0	0	0	0
Merck	0	0	0	0	0
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Amgen	0	0	0	0	0
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Novartis	0	0	0	0	0
Merck	0	0	0	0	0
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Abbott	0	0	0	0	0
Novartis	0	0	0	0	0
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Schering	0	0	0	0	0
Johnson & Johnson	0	0	0	0	0
Pfizer	0	0	0		

NYSE

Wednesday's Closing Tables include the nationwide prices on the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press.

Table with columns: 12 Month High, Low, Stock, Div, Yld, PE, Bid, Ask, High, Low, Last, Open, Close. Lists various stocks and their performance.

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BIOTECH: New York Can't Keep Young Industries That Must Expand

Continued from Page 9. Biotech is plagued by the same problems that afflict all those doing business in New York: high taxes, an often-paralyzed political system, intrusive regulations, a reputation as a difficult place to live and work.

Table with columns: 12 Month High, Low, Stock, Div, Yld, PE, Bid, Ask, High, Low, Last, Open, Close. Lists various stocks and their performance.

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ADVERTISEMENT

INTERNATIONAL FUNDS

Dec. 15, 1993

Conditions supplied by funds listed. Not stated when conditions are supplied by the Funds listed with the exception of some notes based on notes provided.

The marginal graphic indicates frequency of quotations supplied: (d) - daily; (w) - weekly; (bi) - bi-monthly; (tr) - tri-monthly; (tw) - twice weekly; (m) - monthly.

Large table listing various international funds with columns for fund name, share price, and other details.

Table listing various international funds with columns for fund name, share price, and other details.

NASDAQ

Wednesday's Prices
NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

12 Month High Low Stock Div Yld PE Ratio High Low Latest Chg

12 Month High	Low	Stock	Div	Yld	PE Ratio	High	Low	Latest Chg
49.00	45.00	Alcatel	0.18	5.0	15.0	47.50	46.00	+1.50
48.00	44.00	Altria Group	0.15	4.5	18.0	46.00	45.00	+1.00
47.00	43.00	Advanced Micro Devices	0.10	6.0	14.0	45.50	44.00	+1.50
46.00	42.00	Amgen	0.05	4.0	20.0	45.00	44.00	+1.00
45.00	41.00	Amgen	0.05	4.0	20.0	44.50	43.00	+1.50
44.00	40.00	American Express	0.00	5.0	15.0	44.00	43.00	+1.00
43.00	39.00	Amgen	0.05	4.0	20.0	43.00	42.00	+1.00
42.00	38.00	Amgen	0.05	4.0	20.0	42.50	41.00	+1.50
41.00	37.00	Amgen	0.05	4.0	20.0	41.50	40.00	+1.50
40.00	36.00	Amgen	0.05	4.0	20.0	40.50	39.00	+1.50

12 Month High	Low	Stock	Div	Yld	PE Ratio	High	Low	Latest Chg
39.00	35.00	Amgen	0.05	4.0	20.0	38.50	37.00	+1.50
38.00	34.00	Amgen	0.05	4.0	20.0	37.50	36.00	+1.50
37.00	33.00	Amgen	0.05	4.0	20.0	36.50	35.00	+1.50
36.00	32.00	Amgen	0.05	4.0	20.0	35.50	34.00	+1.50
35.00	31.00	Amgen	0.05	4.0	20.0	34.50	33.00	+1.50

12 Month High	Low	Stock	Div	Yld	PE Ratio	High	Low	Latest Chg
34.00	30.00	Amgen	0.05	4.0	20.0	33.50	32.00	+1.50
33.00	29.00	Amgen	0.05	4.0	20.0	32.50	31.00	+1.50
32.00	28.00	Amgen	0.05	4.0	20.0	31.50	30.00	+1.50
31.00	27.00	Amgen	0.05	4.0	20.0	30.50	29.00	+1.50
30.00	26.00	Amgen	0.05	4.0	20.0	29.50	28.00	+1.50

12 Month High	Low	Stock	Div	Yld	PE Ratio	High	Low	Latest Chg
29.00	25.00	Amgen	0.05	4.0	20.0	28.50	27.00	+1.50
28.00	24.00	Amgen	0.05	4.0	20.0	27.50	26.00	+1.50
27.00	23.00	Amgen	0.05	4.0	20.0	26.50	25.00	+1.50
26.00	22.00	Amgen	0.05	4.0	20.0	25.50	24.00	+1.50
25.00	21.00	Amgen	0.05	4.0	20.0	24.50	23.00	+1.50

12 Month High	Low	Stock	Div	Yld	PE Ratio	High	Low	Latest Chg
24.00	20.00	Amgen	0.05	4.0	20.0	23.50	22.00	+1.50
23.00	19.00	Amgen	0.05	4.0	20.0	22.50	21.00	+1.50
22.00	18.00	Amgen	0.05	4.0	20.0	21.50	20.00	+1.50
21.00	17.00	Amgen	0.05	4.0	20.0	20.50	19.00	+1.50
20.00	16.00	Amgen	0.05	4.0	20.0	19.50	18.00	+1.50

12 Month High	Low	Stock	Div	Yld	PE Ratio	High	Low	Latest Chg
19.00	15.00	Amgen	0.05	4.0	20.0	18.50	17.00	+1.50
18.00	14.00	Amgen	0.05	4.0	20.0	17.50	16.00	+1.50
17.00	13.00	Amgen	0.05	4.0	20.0	16.50	15.00	+1.50
16.00	12.00	Amgen	0.05	4.0	20.0	15.50	14.00	+1.50
15.00	11.00	Amgen	0.05	4.0	20.0	14.50	13.00	+1.50

AMEX

Wednesday's Closing
Tables include the **Requirements** prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month High	Low	Stock	Div	Yld	PE Ratio	High	Low	Latest Chg
11.00	10.00	Amgen	0.05	4.0	20.0	10.50	10.00	+0.50
10.00	9.00	Amgen	0.05	4.0	20.0	9.50	9.00	+0.50
9.00	8.00	Amgen	0.05	4.0	20.0	8.50	8.00	+0.50
8.00	7.00	Amgen	0.05	4.0	20.0	7.50	7.00	+0.50
7.00	6.00	Amgen	0.05	4.0	20.0	6.50	6.00	+0.50

12 Month High	Low	Stock	Div	Yld	PE Ratio	High	Low	Latest Chg
6.00	5.00	Amgen	0.05	4.0	20.0	5.50	5.00	+0.50
5.00	4.00	Amgen	0.05	4.0	20.0	4.50	4.00	+0.50
4.00	3.00	Amgen	0.05	4.0	20.0	3.50	3.00	+0.50
3.00	2.00	Amgen	0.05	4.0	20.0	2.50	2.00	+0.50
2.00	1.00	Amgen	0.05	4.0	20.0	1.50	1.00	+0.50

12 Month High	Low	Stock	Div	Yld	PE Ratio	High	Low	Latest Chg
1.00	0.50	Amgen	0.05	4.0	20.0	0.75	0.50	+0.25
0.50	0.25	Amgen	0.05	4.0	20.0	0.37	0.25	+0.12
0.25	0.12	Amgen	0.05	4.0	20.0	0.19	0.12	+0.07
0.12	0.06	Amgen	0.05	4.0	20.0	0.09	0.06	+0.03
0.06	0.03	Amgen	0.05	4.0	20.0	0.05	0.03	+0.02

12 Month High	Low	Stock	Div	Yld	PE Ratio	High	Low	Latest Chg
0.03	0.01	Amgen	0.05	4.0	20.0	0.02	0.01	+0.01
0.01	0.00	Amgen	0.05	4.0	20.0	0.01	0.00	+0.01
0.00	0.00	Amgen	0.05	4.0	20.0	0.00	0.00	+0.00

12 Month High	Low	Stock	Div	Yld	PE Ratio	High	Low	Latest Chg
0.00	0.00	Amgen	0.05	4.0	20.0	0.00	0.00	+0.00

12 Month High	Low	Stock	Div	Yld	PE Ratio	High	Low	Latest Chg
0.00	0.00	Amgen	0.05	4.0	20.0	0.00	0.00	+0.00

Notes: Shares are unaffiliated. Yearly totals and lows reflect the previous 22 weeks plus the current week, but not the latest dividend or stock price. Dividend amounts in 25 cents or more are shown for the new stock only. Dividends are listed unless otherwise indicated. Dividends on common stock are based on the latest declaration.

- 1 - annual rate of dividend per share.
- 2 - quarterly rate of dividend per share.
- 3 - semi-annual rate of dividend per share.
- 4 - dividend in Canadian funds, subject to 15% non-residence tax.
- 5 - dividend declared on or paid in preceding 12 months.
- 6 - dividend declared on or paid in preceding 12 months, plus stock dividend.
- 7 - dividend declared on or paid in preceding 12 months, plus stock dividend and stock split.
- 8 - stock split. Dividend begins with date of split.
- 9 - dividend paid in stock in preceding 12 months, estimated cash value as of end of year.
- 10 - new year lists.
- 11 - trading halted.
- 12 - company or transactions or issues requested under the Securities Act or securities assumed by such company.
- 13 - when last traded.
- 14 - with warrant.
- 15 - with convertible preferred stock.
- 16 - with warrants.
- 17 - with warrants.
- 18 - with warrants.
- 19 - with warrants.
- 20 - with warrants.

Japan Weighs Third Package To Aid Growth

Finance Chief Breaks Taboo Banks' Debt Downgraded

By Our Staff From Dispatches. TOKYO — Worries over Japan's recession prompted its finance minister to break a taboo Wednesday and say the nation might need a new stimulus package. Economists agreed with Finance Minister Hirobisa Fujii, who told the budget committee in the upper house of the Diet that a third supplementary budget for the fiscal year ending March 31, 1994, might be among measures the government would consider. A second supplementary budget, which at the time was still being debated in the parliament, would finance only some of the stimulus measures in the 6 trillion yen (\$55.17 billion) package that was adopted in September. A third supplementary budget could be included in economic steps to be considered later, Mr. Fujii said. His remarks led the opposition Liberal Democratic Party to boycott the budget debate for several hours, but the upper house later gave approval to the second budget package. It has been considered taboo for a cabinet minister to refer to the possibility of an additional fiscal package while lawmakers were still debating a previous one. Prime Minister Morihiro Hosokawa, however, has said he knows that Japan needs another economic package. But fighting in the government as well as political traditions have blocked him from working out a rescue plan for the economy. (Reuters, AP)

No Tax Pain, China Vows It Says Changes Won't Fuel Inflation

BEIJING — China's top tax collector promised Wednesday that the country's sweeping tax changes would not worsen its already-severe inflation and said they would help state-owned companies when they take effect next month. The People's Daily quoted Jin Xia, director of the State Administration of Tax, as saying taxes on state companies would drop from as much as 55 percent to 33 percent, the same rate as on foreign companies, and that industrial and commercial taxes would fall to 18 percent from 32 percent. Private, collective and foreign-owned companies, with their higher tax burdens, have rapidly gained market share in China recently at the expense of state companies. China's 13,000 large and medium-sized state enterprises are only 2.6 percent of all companies in the country, but they produce 46 percent of national output and pay 67 percent of the taxes. The reforms also include new taxes on land, real estate transactions, natural resources, the stock exchange, social insurance, inheritances and gifts. A new consumption tax on 11 goods — including tobacco, liquor, cosmetics, jewelry, gasoline and cars — will not be inflationary, Mr. Jin said. because it will replace other taxes so that overall prices will not rise. Inflation, currently running at more than 21 percent a year in urban areas, is a major source of worry for China's leaders, who fear it could cause social unrest, as well as for its consumers. In addition, the gap between rich and poor in China is widening. Officials estimate that 4.3 million "rich" people earn 30,000 yuan (\$5,180) a year, compared with an average urban income of 1,825 yuan and a rural average of 784 yuan in 1992. Foreign economists said the tax changes represented a compromise between the central government and the provinces, which fear losing the source of their new prosperity. Since China began relaxing controls on its economy in 1978, the central government's share of national revenue has fallen. The compromise was that, while Beijing will receive an increasing share of new taxes, the existing advantages of the provinces will not be affected, one Japanese economist said. "Another part of the compromise was that Beijing ease off on a retrenchment policy it started in July," he added. That policy constricted credit in an effort to restrain economic growth and rein in inflation.

India Bank Sells Public 30% Stake

BOMBAY — India's largest state-run bank launched the country's biggest securities issue on Wednesday, part of India's drive toward a market economy. State Bank of India's 22.4 billion rupee (\$721.8 million) common share issue is the first equity investment by a state-run bank since India gained its independence from Britain in 1947, bankers said. The offer, amounting to about a 30 percent stake, also includes rights and preferential shares valued at 7.92 billion rupees. Its expansion over the next five years would make it the first \$1 billion issue by an Indian corporation — one merchant banker said. The previous largest equity issue, at 21.72 billion rupees, was made by Reliance Petrochemicals Ltd., a private company, in September. The divestiture is part of a two-year-old program of selling stakes in state-run enterprises, although the government of Prime Minister P.V. Narasimha Rao has said it will retain a majority stake in major banks and public corporations. Industrial Finance Corp. of India put a stake valued at 5.25 billion rupees on the market last week. At least three more state-run banks are expected to offer shares in the next six months, a banker said. The partial privatization is designed to strengthen and improve efficiency of the overstaffed and undercapitalized state-owned banks. Indian banks and financial institutions also are raising funds to meet global capital-adequacy standards. Parliament passed a bill Tuesday permitting State Bank of India to reduce the stake held by the Reserve Bank of India to 55 percent from 98.23 percent. The current share issue would reduce the central bank's stake to about 69 percent, bankers said.

Investor's Asia. Table with columns for Hong Kong Hang Seng, Singapore Straits Times, Tokyo Nikkei 225. Includes a line graph showing index trends from 1993 to 1994. Exchange Index Tuesday Close, Prev. Close, % Change.

Hong Kong Clears Short Sales

HONG KONG — The Stock Exchange of Hong Kong will allow its members and investors to engage in the practice of short selling, beginning Jan. 3, 1994. "It's another step forward in providing a full range of capital markets products and an indication of the growing sophistication of the market. It brings the Hong Kong stock exchange in line with other markets," said the exchange's chief executive, Paul Chow. Short selling is the sale of borrowed securities. Investors who think a stock's price will decline sell it short, hoping to subsequently repurchase the shares at a lower price before returning them. The practice is common on Western markets, but unknown in Asia outside Japan. Short-selling will promote market stability, Mr. Chow said, by preventing large swings in prices. If prices are rising sharply, short sellers would tend to stem the advance by selling some of their borrowed stock. If stocks are falling, investors would close out their short positions, buying back the borrowed shares they had sold to book their profits, thus keeping prices from falling too far. Twenty-one Hong Kong stocks have been designated for short selling, but in the first six months only 16 will be eligible, Mr. Chow said. Short-selling in Hong Kong is the latest in a series of changes introduced to the exchange since early 1992, when the central clearing system was started. Mr. Chow said. Record Kowloon Price A Hong Kong government land auction on Wednesday brought a record 3.94 billion Hong Kong dollars (\$510.1 million) for a Kowloon site earmarked for apartment construction in a reflection of the real estate industry's confidence in the territory despite the worsening Chinese-British dispute over political reform, Bloomberg reported. The buyer was a group of investors led by Sino Land Co., a real estate company controlled by the property tycoon Robert Ng. Analysts had forecast the Lung Ping Road site would bring in from 2.6 billion to 3.2 billion Hong Kong dollars.

Very briefly:

- China's death toll from industrial accidents rose 11.9 percent to 11,600, in the first eight months of this year from the like period in 1992, the official China Daily reported.
Poseidon Gold Ltd., the gold-mining unit of Normandy Poseidon Ltd., offered 261 million Australian dollars (US\$175.6 million) in a takeover bid for Azztec Mining Co., a gold and base-metal miner 37 percent-owned by Alumar Inc. of the United States; Azztec directors rejected the bid.
Hong Kong's legislature added Nordic Investment Bank, European Bank for Reconstruction and Development and Inter-American Development Bank to its list of institutions whose Hong Kong dollar-denominated securities are exempt from Hong Kong profits tax.
Burmah Castrol PLC agreed to buy a metalworking-fluids plant in Japan from S.C. Johnson & Son Inc. for 2 billion yen (\$18.4 million).
Indian stockbrokers boycotted the country's major bourses for a second day, saying they would not resume trading until a ban on forward trading was lifted by the Securities and Exchange Board of India.
Hong Kong's stock exchange said trading was resumed in seven companies that had been suspended for one day by a police investigation.
Japanese companies are giving reduced year-end bonuses for the second year in a row; a newspaper survey of 1,236 companies said employee bonuses averaged 745.67 yen, down 0.2 percent from a year earlier.

Saudis Win Philippine Oil Refiner Bid

MANILA — Saudi Arabian Oil Co. offered \$502 million to win the bidding for 40 percent of the Philippine state oil refiner Petron, Energy Secretary Delfin Lázaro said. The only other bid considered was from the Malaysian national oil company, Petronas. It bid \$421 million, below the \$440 million minimum set by the government. Petron controls 40 percent of the local petroleum market and is the biggest state-owned company to be privatized by Manila in an effort to raise much-needed revenue for its economic development program. "It was a successful bid," said Monica Jacob, president of Petron's parent, Philippine National Oil Co. Saudi Arabian Oil Co. is known as Aramco after its predecessor Arabian-American Oil Co. A second Malaysian company, Westmont Co., also submitted a bid but it was not considered because the company failed to meet technical conditions for the bidding. Philippine National Oil Co. plans to retain 40 percent and sell the remaining 20 percent to the staff and public through the stock market early next year. Created after the first oil shock in 1973, Petron operates one refinery with a capacity of 155,000 barrels a day and a network of 860 service stations. The company expects to earn a record profit of at least 2.6 billion pesos (\$92.8 million) this year. Consortium of Oman Oil and Atlantic Richfield Co., which had been also rumored as a possible bidder, did not participate. (Reuters, AFP)

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ADVERTISING SECTION

EUROMANAGERS

WANTED: THE LEAN, THE MEAN AND THE SENSITIVE

Recession, deregulation and competition have powerfully concentrated European business minds on a single objective: how to make money and stay afloat. Paradoxically, this narrowing of focus is creating a need for managers with an ever-wider range of skills and broadly based cultural backgrounds.

"It goes without saying that today's managers must

Cross-disciplinary skills are crucial

be fully open to the international dimension of their activities," says Bruno Dufour, chief executive of the Lyon Graduate School of Business (Groupe ESC Lyon) in France. "Beyond this, they also require the flexibility to deal with quick-moving situations in a context where companies

can rarely plan for more than a year ahead.

"In an increasingly complex environment, companies seeking executives for general management functions now require candidates to have more than a superficial knowledge of the different branches of their business. What they want and expect nowadays are multi-specialists," adds Mr. Dufour, who also runs his own textile business. "Combined with the additional negotiating strength that the current employment situation confers on employers, this trend is leading companies to place greater emphasis on long-term loyalty to the company. When managers stay longer with the company, this enables employers to move them about more often between different sectors and functions, thus giving them wider and deeper practical experience."

Characteristically,

today's most sought-after managers are "lean and mean," with a successful track record in areas such as cutting costs, downsizing, decentralization and corporate re-engineering. These requirements come on top of the need to understand foreign languages and cultures and to possess the necessary tools for managing continual change and diversity. Against this background, cross-disciplinary skills are also now at a premium.

"When I am evaluating young candidates for managerial posts, I like to see what they have done apart from their academic studies," says Adolf Ihde, head of junior manager development-international programs with Deutsche Aerospace in Germany. "For instance, if they have set up a small business activity or pursued some other project during the time they were studying at university, this is often a good sign."

According to Michel Azaria, director of the London Business School's career-management center, mobility in all its senses is a key managerial requirement. "The very notion of 'expatriate' has disappeared when it comes to the willingness of executives to relocate across European frontiers," he says. "Europe is now the domestic market. In addition to geographic

mobility, the ability to move laterally within the organization is also a must."

Some observers believe that the current obsession with constant movement, quick assessment and instant action could be obscuring longer-term objectives.

"The intensity of competition certainly justifies the acquisition of such skills, but I am not sure that all the costs of this approach have been evaluated," says Eric Briys, dean of the Institut Supérieur des Affaires (ISA) at Jouy-en-Josas near Paris. ISA is part of the HEC school of management, which is run by the Paris Chamber of Commerce and Industry.

"There is a tremendous value in the art of 'gazing or deciphering.' By this I mean the ability to look at patterns, areas and fields that at the outset appear completely disconnected, only to discover that in fact a number of hidden relationships may tie them together," adds Mr. Briys.

In pursuit of this idea, Mr. Briys is arranging a course on music as an unexpected model of management, to be taught by a well-known French conductor. ISA is also working jointly with the Louvre Museum as well as launching a program on ethnology and anthropology; it is also attempting to integrate a

broad approach to ethics into its international MBA studies.

The new challenges and uncertainties that face today's managers are subjecting corporate executives to unprecedented strains and conflicts. Many cannot keep up, and some are just unlucky. Those that survive, however, are much better informed and professionally capable than ever before. "There is now a new generation of managers equipped with deep cross-cultural understanding and a truly global perspective," says Ludo Lambrechts, dean of the European University in Brussels.

Antonio Borges, co-dean of the INSEAD business school at Fontainebleau near Paris, adds: "Managers who use our services today know far more about their jobs and the way business works than their predecessors did as recently as 10 years ago."

The main thrust of management development nowadays is how to foster leadership qualities, and not basic functional areas. Mr. Borges is also a former deputy governor of the Bank of Portugal.

Across Europe, large businesses are flattening their hierarchical structures and dismantling internal demarcation lines as they struggle to concentrate their efforts on the essential. This



Managing across borders: "The notion of 'expatriate' has disappeared."

means that companies are putting ever-increasing emphasis on the ability of executives to work in multi-disciplinary teams as well as to run up and down the lines of corporate communication, easing pressure points and ensuring that the profit machine keeps working effectively.

A good example of this trend is Mercury Commun-

ications," says Eddie Obeng, the client-and-program director at Ashridge Management College in Britain. "With our help, the company recently devised a new virtual team concept for their managers. The matrix approach to management, which was prevalent 15 years ago, is now thoroughly outdated."

Such trends do not mean,

however, that there is now a single European management style, much less that companies are looking for a standardized Euromanager. "Differing local and corporate cultures still play a vital role," says Peter Lorange, president of IMD—an international management development institute based in Lausanne, Switzerland. Michael Rowe

This advertising section was produced in its entirety by the supplements division of the International Herald Tribune's advertising department. • Peter Gwynne is a free-lance writer based in Brussels. • Michael Rowe is a Paris-based business and financial writer.

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A HUNTING GROUND FOR HIGH-FLYERS

The title is impressive: the Euromanagers-Euroengineers Forum '93. So is the quality of the participants. At base, however, the event is an ultra-sophisticated version of college job interviews.

Today and tomorrow in Brussels, recruiters from the head offices of more than 30 multinational corporations will huddle with 400 of the best and the brightest of recent crops of college graduates. The

objective of the five-year-old event, which is run by the Brussels-based international recruitment company EMDS and sponsored by Daimler Benz and Commerzbank, is to match the high-flying graduates with the top-notch companies.

A total of 400 "high-potential graduates" will attend the event. They were selected from more than 600 applicants from more than 20 countries. All have

demonstrated a broad range of skills appropriate to working in international corporations.

In selecting the 400, recruiters have sought evidence of high academic achievement, outstanding intellectual and interpersonal skills, the ability to operate in at least two languages, international exposure and international mobility, a maximum of five years of experience after leaving college and availability for employment next year.

Individual companies have also set their own specific criteria for the candidates.

During the two days, candidates will be free to visit any of the company representatives present. Most have already scheduled interviews with two or three specific companies in attendance. In addition, the candidates will attend round-table discussions and company presentations. The jobs on offer span a wide spectrum. They range from marketing to research and development," says Stephan Wajskop, managing director of EMDS. "The one thing that they have in

WHO WILL BE THERE?

The following 32 companies will be represented at the Euromanagers-Euroengineers Forum '93, according to EMDS:

AEG, AGIP, Asea Brown Boveri, Barclays Bank, Bertelsmann, BMW, Bock-Alien & Hamelin, BP, Oil, Bull, Cammerbank, Compagnie Bénédictine, CPC, Europe, Daimler-Benz, Datsun, Deutsche Aerospace, Deutsche Bank, Dresslerbank, EBF, ODF, Hewlett-Packard, Lehmann Brothers, McKinsey & Co., Mercedes-Benz, RWB, Shell, Societe Generale, Swiss Bank Corporation, Thomson.

common is the international nature of the work."

The experience does not represent a secure for the graduates. Given the toughness of Europe's recession, companies have tough criteria for new recruits. Nevertheless, a healthy proportion can expect to receive a five-star job offer.

"Last year, despite the economic situation, more than 100 were offered jobs," says Mr. Wajskop.

Even attendees who do not receive offers will gain from the event, according to Zygmund Tyszkiewicz, secretary general of the Union of Industrial & Employers' Confederation of Europe.

"Young people who are determined to work at the pan-European level will benefit simply by attending, thus improving their knowledge of the job market and of the qualifications and personal characteristics that companies are seeking," he says.

One trend is working in

favor of the elite job-seekers: With the single market having become a reality at the beginning of this year, companies are increasingly seeking internationally minded managers and other recruits. That fact, according to Mr. Wajskop, just about balances out the decline in job opportunities caused by the recession.

Companies appreciate the quality of the applicants. "The forum" provides an opportunity to meet outstanding personalities — and recruit them," declares Joachim Bieker, vice president, recruiting and management development for Bertelsmann.

Ernst Stauffer, vice president of human resources IFG at Swissbank Corp., adds: "For a company like ours involved in global business, this valuable service is particularly helpful for recruiting young multilingual and multicultural personalities."

Peter Gwynne

International Herald Tribune

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EUROMANAGERS

MANAGEMENT EDUCATION: QUICK RESPONSES, NEW TACTICS

Turmoil and change in the world of business are presenting the suppliers of management education with a curious paradox. On the one hand, recession and fierce competition are making companies spend every cent they spend on training programs, and individual students are finding it more difficult to enroll in MBA courses. At the same time, those very factors are boosting corporate need for effective management development to help them restructure and survive.

As a result, business schools and management institutes are frantically revising their own market offerings and structures as they compete for the available business in a new and pitiless climate. Degree courses such as MBA programs and non-degree executive education are both being subjected to intense scrutiny and revision. Schools are trying to get closer to business, while companies are demanding an ever-firmer say in the way courses are delivered as well as in their content.

"There is a real change in customer behavior when it comes to the organization of non-degree management courses," says Bernadette Conrath, assistant director with the European Founda-

tion for Management Development (EFMD) in Brussels. "Instead of turning immediately to outside bodies for off-the-peg courses, more and more corporations are deciding what they want in-house. Then they shop around to buy in whatever business-school expertise they may need on specific issues."

France's Crédit Lyonnais bank provides one example of this approach. "We have 38,000 staff members in France and 40,000 abroad, and the bank is pursuing a vigorous international expansion program," says Serge Vandaele, director of the Crédit Lyonnais training center in Paris.

The bank's courses include a program called CLIP, which aims at training around 40 new European executives every year over the next decade. "We rely mainly on our in-house facilities for management development, and when we call on schools such as the HEC and ESSEC groups, it is usually for help in the design of our own courses," says Mr. Vandaele.

Against this background, executive courses run by business schools are increasingly aimed at the broadest management issues, and at senior and upper-middle levels of management. Cranfield University School of



Tomorrow, the world: Students map out pan-European strategies.

Management in Britain, for instance, estimates that around 64 percent of delegates attending its open programs are senior managers and board directors. The school has elected to provide a mix of programs tailored for single organizations and open courses.

MBA programs - traditionally based on a two-year full-time course, following the original U.S. pattern - are also changing

More flexible packages on offer

and developing new variants. This is in response to student demands, including a wish for options that require less time away from the workplace, and to pressures to turn out graduates who can function immediately in a multicultural environment.

As a result, Europe is seeing an increasing number of flexible packages such as part-time, executive, modular, distance-learning, company-specific and consortial MBA programs. The Open Business School in Britain, for example, provides a

prominent example of the distance-learning approach to MBA teaching. "We are making constant efforts to update our teaching material, and we have developed 100 new cases in the last two years," says Henri Tézénas de Montcel, chief executive of the HEC group.

Moreover, Manchester Business School has recently redesigned its MBA course and now offers a fast-track option that can be completed in 12 months. "This is intended essentially for students with at least five years' work experience plus a good first degree. We also hope that this shorter course option will encourage more firms to sponsor or support employees during their time at the school," says Peter Barrar, the MBA program director.

Also in Britain, Lancaster University Management School has been revising its MBA programs to provide greater focus on organizational change. School authorities say this move was made in response to requests from industry. Lancaster also runs a company-specific MBA course

for British Airways and is currently extending the number of participants to around 200.

In Germany, Deutsche Aerospace has set up a company MBA program, with degrees awarded by Henley Management College. "This is a two-year part-time course, mixing elements of distance learning at home, course work in the office and periods on campus in Britain and the United States," says Adolf Ihde, head of junior management development international programs with Deutsche Aerospace in Munich. "There are still not enough general managers in Germany, and part of our motivation for starting this program was to improve the position in this respect."

Many of the French institutions that run MBA and similar courses are financed by the country's major chambers of commerce and university institutions.

One well-known example is the MIB (MBA in International Business) degree awarded by the Ecole Nationale des Ponts et Chaussées in Paris. Students from over 25

countries complete nine months of study at a Paris campus, based on a self-designed (and faculty-approved) curriculum, then work four to six months in a company anywhere in the world to complete the required "professional training project."

More specialized groups are also involved in management-education ventures. In 1988, a consortium including France Telecom, Air France, Banque Nationale de Paris and the Société Générale set up the Théséus Institute at Sophia Antipolis near Nice. The aim is to fill a gap in management education by providing courses that stress the importance of information technology.

According to figures collected by Richard Kwartler, editor and publisher of a specialized U.S. publication called MBA Newsletter, there are around 275,000 students currently taking MBA courses in the United States, and probably between 40,000 and 50,000 in the rest of the world combined. "Business schools in the United States are having to adapt in a similar way to those in Europe, though exceptions to the two-year model are still rare," says Mr. Kwartler.

In this competitive environment, U.S. institutions are increasingly offering MBA and similar courses to European students. New York's Syracuse University, for example, offers MBA and other degree programs, which enable students to combine independent study with residential sessions on campus. Another example is the University of Maryland's branch in Germany, which offers a master's degree in international management.

The University of South Florida (USF), in collaboration with the Ecole des Cadres La Défense, has recently launched an executive MBA program that involves intensive weekend study in France for 16 months, topped off with two three-week sessions on campus in Tampa, Florida. Another example is the University of Hartford Business School (UHBS), which runs a Paris MBA program. "This year we have 34 nationalities represented in our class," says Heinz Brennwald, MBA program director. Like many business schools, UHBS is revising its curriculum to respond to changes in the European economic climate. "One-

third of our course offerings were modified this year," says Mr. Brennwald.

In addition, the Saint Xavier University in Paris (Graham School of Management) - an offshoot of the same university in Chicago - has been offering a part-time evening course MBA since 1989. It has now launched a one-year full-time MBA course aimed at international students.

The Paris-based Institut Franco-Américain de Management (IFAM) provides both BBA and MBA instruction, involving study in France and the United States. "MBA University," a one-year full-time MBA program, was created by IFAM in 1986 in collaboration with major U.S. universities. M.R.

THE RE-ENGINEERING DEBATE: NEW TOOL OR PASSING FAD?

"Re-engineering," a term coined by U.S. business consultant Michael Hammer, has rapidly become a key buzzword in international management circles. But can the idea really help corporate Europe to emerge from recession and to restructure, or is it just another passing fad?

Eddie Obeng of Ashridge Management College, whose duties include running the school's re-engineering project, has few doubts. "The concept of the business hierarchy built up over the last two hundred years or so is largely at establishing and maintaining control," he says. "Now

no single common pattern in management restructuring. Continuing diversity is illustrated by the different requirements companies spell out when they go recruiting. "Some employers say they are looking for self-starters, others state that they want people who will adapt well to a strong corporate culture," says Mary Anne Waikart, associate dean of London Business School's MBA program.

Whereas concepts such as downsizing aim principally at cutting costs, the idea of re-engineering is to reshape the company so that it focuses on essential revenue-generating activities. "Two truly multinational businesses in need of a fundamental shakeup call in consultants who merely suggest ways to tidy up individual departments rather than going for a real restructuring," says Mr. Obeng. "The problem is that the people in charge do not want their own authority to be radically challenged."

If carried out successfully, root-and-branch re-engineering produces businesses that function like living organisms rather than like frozen pyramids, argue proponents of the idea. "What needs to be done is to reorganize companies totally so that they concentrate on core activities, cut out unnecessary levels of supervisory and recognize that formal hierarchies are irrelevant," says Mr. Obeng. "The key to this is organizing effective cross-disciplinary teams - either formally or on a virtual team basis - so that people can link up across the entire organization."

Hill & Knowlton - a transnational public relations consultancy originally based in New York - provides one example of a company that has recently undergone global restructuring. Henceforth the outfit will be run by three equal regional chief executives for North America, Europe, the Middle East and Africa; and the Asia-Pacific region. The president and chief executive officer - New York-based Thomas E. Eidson - is abandoning his overall title in favor of a system under which each regional chief will in turn preside over an executive committee.

"Clients require faster decision making and response at the regional level without a centralized bureaucracy in New York," commented Mr. Eidson when the changes were announced. "Under this new structure, our firm will be less hierarchical, less bureaucratic, less burdened by overhead costs, less centrally controlled and certainly more sensitive to client service."

Restructuring often involves large companies being split up into smaller

units. "There are now more platoons out in the marketplace, more empowered people, more direct relationships with profit and loss," says Peter Lorange, dean of IMD. "Up to a point, these people can operate on their own, but we are also now seeing a strong move toward these hived-off units linking up in strategic alliances and networks. This could be a significant trend for the future." M.R.

'Clients require faster response'

we have to forget all that and go for new structures that directly help companies to make money."

Other take a more cautious line. "The idea is partly an attempt to respond to a need but partly also a current fashion," says Bernard Ramamonjiso, the senior member of the HEC School of Management's professorial and research team at forty-year-olds. "The need arises from the competitive pressures on businesses to operate more flexibly and to break down traditional lines of demarcation," he adds.

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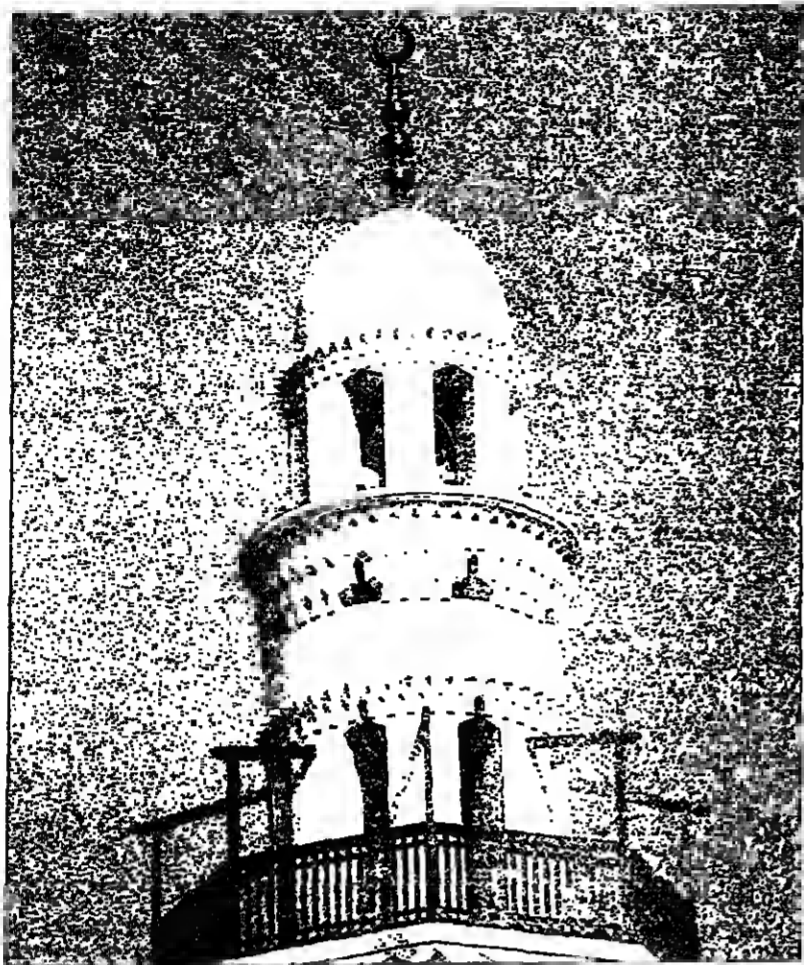
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الجامعة الأمريكية

BAHRAIN

FROM ENERGY TO SERVICES, A DIVERSIFIED ECONOMY



A mosque in Manama. Stability and tranquility have contributed to Bahrain's success.

Bahrain is on the move again after three years of intensive promotion by the government to encourage greater industrial and commercial investment and expansion. In addition, there have been significant moves to consolidate and improve the financial-services sector.

Immediately following the Gulf War, fears were expressed that this small emirate in the Arabian Gulf, which lacked the oil resources of its much larger neighbors, would be left behind in an economic sense.

In the last one-and-a-half years, however, a massive \$1.6 billion expansion of the aluminum smelter (ALBA) has been completed, giving it an annual capacity of 460,000 tons. An extended 1,340-megawatt power plant will send its surplus output via a new 220-kilovolt link to the island's national electricity grid. Two huge floating docks have been added to the Arab Shipbuilding and Repair Yard Company (ASRY), the international

airport has been extended and work is due to begin soon on a new, \$300 million deepwater port, which will handle the new generation of container vessels.

With the basic infrastructure - including unrivaled telecommunications facilities - in place, a wide range of localized manufacturing and industrial processes are either at the start-up or planning stage. These include two plants making aluminum wheels and other components for the auto industry, aluminum extrusions, foil, furniture, plastics and petrochemicals.

One of the biggest new ventures just announced is a \$33 million tissue mill, which will be able to produce 15,000 tons a year of paper products. This is a joint venture between the Saudi Arabian Olayan Company and the U.S. Kimberly-Clark, which manufactures Kleenex.

Since the heady days of the late 1970s, Bahrain's main activities have revolved around financial services and, in particular, the sudden growth of offshore banking units. Today,

there are almost 90 commercial and investment banks, both international and locally incorporated, as well as offshore banks with combined assets totaling more than \$70 billion. There are also 50 representative offices and brokerage houses as well as some 60 local, foreign and exempt insurance companies. Together, according to the Bahrain Monetary Agency (BMA), they account for 17 percent of the overall economic activity; they are also a major employer of the local work force, employing more than 4,000 persons.

Commenting on the government's efforts to create an attractive environment for the financial-services sector, Abdulla H. Saif, governor of the BMA, told an economic conference held in Bahrain earlier this year: "We have provided an

environment free from corporate and personal taxation and from exchange controls, a liberal legal and administrative framework, and a wide range of modern infrastructure, particularly in the field of telecommunications. We have reduced red tape and have supported innovation."

Plans to upgrade the refinery to enable it to produce higher-grade lead-free gasoline as well as a small amount of MTB, the gasoline lead-free additive, are apparently being revised. Rashid Al-Dhubab, director for oil at the Ministry of Development and Industry, has said that a review of the current plans will be completed early next year.

The government is also trying to encourage greater support from the private sector and hopes that the emerging stock market will develop into a vehicle for more local investment. Privatization is also being introduced as a means of financing new and existing projects. These include the

cases, by extensions - to a number of the leading hotels, like the Gulf Regency, Sheraton, Diplomat and the Holiday Inn. The latter has had a substantial new conference hall built. Next year will see the official opening of Bahrain's first seaside hotel, Le Meridien; it will set new standards of luxury for visitors to the island, which is also to have its first all-green golf course.

The service industries have always been the backbone of the Bahraini economy. In addition, due to the substantial skill base, the government would like to see more export-oriented manufacturing, and it is constantly reviewing its package of incentives for investment.

"Foreign investment and agency legislation have been liberalized and overhauled," says Abdul



The Aluminium Bahrain (ALBA) smelter, which completed an extensive modernization project last year, provides feedstock for many downstream industries on the island.

environment free from corporate and personal taxation and from exchange controls, a liberal legal and administrative framework, and a wide range of modern infrastructure, particularly in the field of telecommunications. We have reduced red tape and have supported innovation."

In the early 1930s, Bahrain was one of the first countries in the region to discover oil, but production has always been limited and, until recently, was only about 70,000 barrels a day. Today, however, it receives an extra 30,000 barrels a day in shared production with Saudi Arabia (now linked to the island by a 25-kilometer causeway) from the Abu Safa oil field. The oil is processed by the Bahrain Petroleum Company (Bapco), which also refines another 250,000 barrels a day of mainly Saudi oil. While the

new port at Hidd, Gulf Air power generation and desalination projects. Build-operate-and-transfer schemes have also been discussed.

Gulf Air - jointly owned by Bahrain with Abu Dhabi, Oman and Qatar - has just ordered six B777s from Boeing, with an option on another six, as part of its fleet upgrade. It has already ordered six Airbus A340-300s, the first of which will go into service next May. Shortly after, it will start operating direct flights to the United States and to new destinations in Europe. The airline hopes to make \$20 million in profits this year.

Bahrain is also hoping to capitalize on its geographical position as the hub airport for the region and to create a more vibrant tourist and incentive-travel industry. There has been a radical refurbishment - in some

new port at Hidd, Gulf Air power generation and desalination projects. Build-operate-and-transfer schemes have also been discussed.

By Ibrahim Karim, minister of finance and national economy: "An industrial incentives program will reward those who choose Bahrain as a strategic location, with substantially lower charges as well as labor incentives and duty exemptions." "With the announcement this year of a consultative council, Bahrain is also heading toward a more democratic form of government. It already has one of the most liberal press and broadcasting systems in the Gulf. "The free flow of information has revolutionized life in the Gulf," said Tariq A. Almoayed, minister of information, in a recent article. "Business and financial institutions have quickly realized that this has increased the feeling of stability and tranquility in the market, which has added to the success of the country as a financial center." Michael Frenchman

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A \$20 MILLION UPGRADE AND OTHER TELECOM TACTICS

On one Friday night last month, the airwaves were silent for six hours as the mobile-phone network of Bahrain Telecommunications Company (Batelco) was switched off. This will allow engineers to complete the final stages of a 7.5-million-Bahraini-dinar (\$20 million) up-

Batelco made a profit of \$50 million.

grade of the mobile system. Capacity will increase from 11,000 lines to 20,000 lines as the number of base stations rises from 11 to 30. By 1995, mobile-phone users will be able to call Europe directly.

Bahrain has always been at the leading edge of telecommunications technology, which is given top priority by the government. Telecommunications development has been one of the key factors in attracting the financial-services sector and other services to the island. Batelco has just

launched a new trunked mobile-radio (TMR) system, which is especially aimed at transportation-fleet operators and other service industries.

TMR is an advanced system that allows a large number of users to exchange voice and data messages via radio from mobile unit to mobile unit as well as between base control points.

International companies, including Nokia of Finland and Ericsson of Sweden, are lining up to compete for a possible 10,000-line global system for mobiles (GSM), which will enable users to "roam" throughout the Gulf Cooperation Council member states: Oman, Qatar, Saudi Arabia, Kuwait and the United Arab Emirates.

Batelco is constantly introducing a wide range of new services, including sophisticated international paging, high-speed data links, voice mail, teleconferencing, international video and many other business services. Earlier this year, the company became

the 127th member to sign the Washington operating agreement of the International Telecommunications Satellite Organization (Intelsat), in which it has now increased its investment by \$4.5 million.

"The ability to go anywhere in the world via Intelsat and the system quality have enabled Bahrain to maintain a modern telecommunications network over the years," says Andrew Hearn, general manager of Batelco. Until this year, Batelco had been a nonmember user of Intelsat.

Last year, Batelco - which prides itself on having some of the lowest communications charges - made a profit of nearly \$50 million. Last month, Sheikh Isa bin Ibrahim Al Khalifa, first deputy chairman of the company, laid the foundation stone for its new 10-story downtown building in Manama. The 6.5 million-Bahraini-dinar building, which will also house a 30,000-line digital exchange, should be completed by 1996. M.F.

The New Economic Era

MORE CLOUT FOR FINANCIAL SECTOR

The Bahrain Monetary Agency (BMA), the country's central bank, is introducing new measures to reinforce Bahrain's role as the pre-eminent financial center in the Middle East. A deposit-protection scheme is being implemented, and new regulations governing collective investments and Islamic banking have also been issued. These reforms are helping to ensure that the current high rate of economic growth takes place at a sustainable pace and that the steady improvement in the banking sector's performance is maintained.

Proposals concerning the new deposit-protection scheme were sent to financial institutions and government agencies earlier this month. The scheme will

apply to small investors, both resident and nonresident, and it will cover current, call, savings and/or fixed deposits in Bahraini dinars and other currencies, as well as nonbearer certificates of deposit denominated in Bahraini dinars and other currencies issued by the country's commercial banks.

Under its terms, depositors will be entitled to receive the lower figure of either 75 percent of their combined deposits or a sum of 15,000 Bahraini dinars (\$39,700) in the event of a commercial bank liquidation. Funds for the scheme, up to a maximum of 25 million Bahraini dinars in one year, are to be provided by the banking sector and will be administered by the BMA, officials from the Bahrain Chamber of Commerce, government ministries and the Bahrain Bankers Society.

The move is the first of its kind in the Gulf and will help to reassure depositors in the wake of the collapse of the Bank of Credit and Commerce International. It also supplements other measures taken recently by the BMA to regulate mutual- and unit-trust schemes and investment consultants. "Our first interest is to guarantee the integrity of the market," says BMA Governor Abdullah Saif. The BMA, he adds, has created a new regulatory

category for investment advisors in an effort to prevent "market raiders" and to ensure that the present worldwide trend toward universal banking is supervised adequately.

Local banks are now taking up the promising field of providing a new range of collective investments to investors in both Bahrain and the Gulf.

The National Bank of Bahrain reported that more than 150 people from the region attended an investment forum it held in October to introduce its new team of investment advisors and four new private-label investment funds. Further launches, concentrating on international equity funds, are planned in the next few weeks.

Bahrain International Bank is also moving into this area with the launch of its American Real Estate Income and Growth Fund. Announced in October, it is reported to have raised \$15 million, 20 percent more than the minimum target set for the fund.

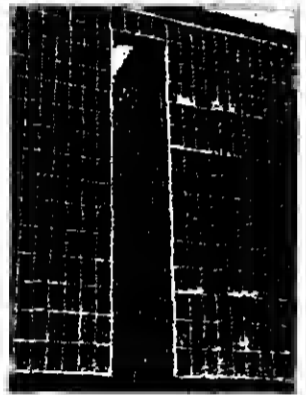
Going a step further, the Bank of Bahrain and Kuwait has announced that it plans to expand its services to include private banking by early next year.

"BBK has previously offered investment opportunities in mutual funds, but private banking will be a brand-new service," says

General Manager and Chief Executive Murad Ali Murad. Portfolio assets management will be provided in association with a leading international company, he adds, and management will be obtained on loan from Switzerland.

For the offshore-banking units, both project finance and export-credit cover are providing substantial business, particularly in the Gulf region as a whole. A new link between the Aluminium Bahrain (ALBA) smelter's power-supply system and the Bahrain national grid is being built with the help of ABN-AMRO, the Netherlands-based bank. Its Bahrain OBU served as a lead manager for the \$70 million funding late last year.

The BMA's decision to register the Faisal Islamic Bank of Bahrain as a full commercial branch also reflects its concern for promoting the country's financial center both regionally and internationally; at the same time, it is maintaining its commitment to firm and timely supervision. The new branch, which will offer products based on Islamic financial principles and which opened in October, is fully incorporated in Bahrain and subject to the normal reserve requirements, the London-based weekly Middle East Economic Digest reported



Bahrain Stock Exchange; a vehicle for local investment.

in November. "We are the lender of last resort," says Mr. Saif. "As long as the rules of the game are laid out and there is transparency in terms of risk - the type and the magnitude - it is for the investor to decide."

Still other efforts are being made to guard against the kind of speculative activity, particularly in real estate and in share dealings, that have posed problems elsewhere in the region as well as abroad. The BMA is closely monitoring trends in these activities, as well as in the rapidly growing amounts of consumer finance, says Mr. Saif. "There is concern over the growth of facilities for consumers that are not put to productive uses," says

the governor. "Should we see speculative activity, we caution the banks."

Meanwhile, two of Bahrain's leading international institutions are expanding their operations in the world's leading economies. The Arab Banking Corporation, which reported a rise of almost 30 percent in pretax profits - to \$103 million - in the first nine months of this year, has taken its first steps toward establishing a joint venture in China, senior executives reported in October. As part of the plan, ABC has agreed to sell 20 percent of its Hong Kong subsidiary, the International Bank of Asia, to a leading Chinese financial trading group, and it is planning to float another 25 percent of IBA shares on the Hong Kong stock exchange. ABC, IBA and the Chinese company Everbright Holdings will

then set up a joint-venture financial institution on the mainland, the executives added.

Elsewhere, the international investment bank, Investcorp, which has its headquarters in Bahrain, has completed arrangements to acquire Camelot Music, the third-largest specialty music retailer in the United States. Investcorp recently became the sole owner of Italian luxury goods retailer Guccio Gucci.

Investcorp also recently acquired the German fashion group Mondri; the U.S. convenience-store chain, Circle K Corp.; and Thorn EMI Lighting in Britain. Together with the enhancement of Bahrain as a regional financial center, these moves will help to consolidate its growing importance as a player in international finance.

Pamela Ann Smith

Arab Banking Corporation's expansion of operations in the world's leading economies.

This advertising section was produced in its entirety by the supplements division of the International Herald Tribune's advertising department. Michael Frenchman is a free-lance writer based in Britain who writes often about the Middle East. Pamela Ann Smith, based in London, writes often about Middle East issues.

WISH LIST AND LURES FOR FOREIGN INVESTORS

Much of the credit for Bahrain's buoyant new image as a fast-track investment center is due to the efforts of the Bahrain Marketing and Promotions Office (BMPO), which seeks to cut through some of the bureaucracy that sometimes faces inward investors and possible joint-venture partners.

"We now see a growing awareness of the investment opportunities that we are offering here, and we are streamlining our licensing system accordingly," says Minister of Development and

Industry Yousef Ahmed Al Shirawi, whose ministry is responsible for the BMPO. "We have become the agent of the prospective business partner, and we are here to help with visas, labor regulations, environmental issues, planning and everything involved in setting up a new project."

The BMPO highlights the following incentives for business partners:

- 100-percent foreign ownership of companies allowed.
- No personal, corporate or withholding taxes.

- No restriction on repatriation of capital or profits.
- Established money market.
- Free currency convertibility.
- Well-established legal system.
- Skilled labor force.
- Advanced telecommunications.

- Well-placed distribution center for the region.
- Low operating costs.
- Attractive living environment for expatriates.

Because of former colonial links with Britain, English is widely spoken, and many Bahrainis have been trained with

British firms of accountants, lawyers and other professional bodies.

The BMPO is keen to attract high-value manufacturing and assembly operations that can create a new export and distribution base.

On its "wish list" of high-potential investment areas, it cites industries such as electronics and electrical assembly operations, pharmaceuticals and medical products, and downstream alumina-based manufacturing operations.

M.F.

PEARL OF THE GULF: HERITAGE ON VIEW

Next spring will see the opening of Bahrain's first beach-resort hotel - Le Meridien, which will be a major attraction for both Gulf tourists and international visitors.

Although Bahrain has many luxury-class hotels, Le Meridien is the only one by the seaside. The hotel

Bahrain is preparing a major tourism drive

has a splendid sandy beach and faces the city center, with its office blocks towering in the distance across the bay. Not far from the approach to the hotel is one of Bahrain's many old Portuguese colonial fortresses, now being restored, and one of the few remaining boat yards, where traditional sailing dhows are built.

Bahrain's fortunes were once based on the pearl trade, which ceased commercially with the advent of the cultured pearl during the 1930s. Bahrain became known as the "Pearl of the Gulf," and today there is an excellent diorama of pearl fishing in the National Museum and Civic Center - a must for any visitor to the island. There are also displays of traditional scenes of life through the centuries to modern times, including a contemporary art gallery with some striking oil and watercolor paintings.

The island is steeped in history and heritage, more so than almost anywhere

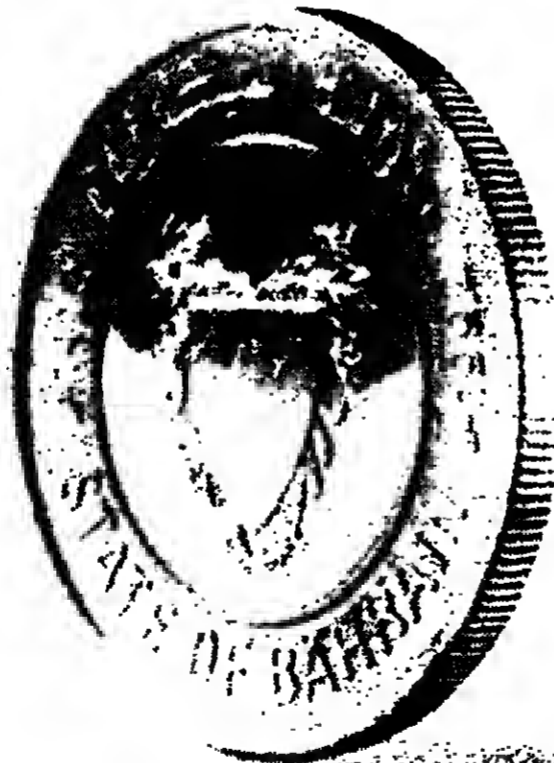
else in the Gulf. The central part of Bahrain is covered with thousands of burial mounds dating back to the third century B.C. and possibly even earlier. In those times, Bahrain was known as "Dilmun," the trading capital of an ancient civilization. Apart from the fort near the Meridien, there are several others that can be visited. These include the fully restored Arad fort on Muharaq island, where concerts and displays of traditional music and culture are held.

"We have archaeological and historical sites to marvel over," says Rajab Khadim, director of tourism and archaeology.

Diving into the past is far from the only thing to do on the island, however. Bahrain offers a full range of sporting activities, including sailing, snorkeling and scuba diving. The island's surrounding coral reefs are rich in all manner of semi-tropical fish.

There are also dhow trips, perhaps followed by a barbecue dinner featuring freshly caught fish on the beach. Other activities include desert safaris and horseback riding. Bahrain is now preparing for a major tourism drive, which will be heralded by a major international conference next May. This will form part of "Bahrain '94," a special government-sponsored week of events to highlight tourist activities as well as other opportunities for investment in the island. M.F.

Wherever you see change in Bahrain



... you see us

As one looks back over the last 25 years, one cannot help but marvel at the amazing transformation that has taken place in Bahrain. In Industry, Banking, Technology, Human Resources, the quality of life itself - the changes have been truly remarkable.

Encouraging innovation and progressiveness has always been close to the heart of BBK. And in every walk of life, be it financial or otherwise, the Bank of Bahrain & Kuwait will continue to be found, wherever there is change. Change for the better.

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بازار المال

SPORTS

Ex-Jay Eichhorn Is 5th Free Agent To Join Orioles

New York Times Service
NEW YORK — Relentless in their pursuit of free agents, the Baltimore Orioles have signed their fifth of the off-season. They added relief pitcher Mark Eichhorn by giving him a minor league contract and assuring him that he would be added to their major league roster on or before Jan. 15.

The club also gave the 33-year-old right-hander a \$25,000 signing bonus and guaranteed \$350,000 of the \$500,000 salary he will earn if he makes the club. The deal includes an option for a second year at a \$537,500 salary, or he would receive a \$37,500 buyout.

He earned \$700,000 with the Toronto Blue Jays last season, when he compiled a 3-1 record and 2.72 earned run average in 54 games.

The Orioles previously signed Rafael Palmeiro and Sid Fernandez plus two of their own free agents, Harold Baines and Tim Lincecum. They have offered another of their free agents, Fernando Valenzuela, salary arbitration.

Other free agents agreeing to new contracts on Tuesday were two infielders, Randy Ready and Jeff Treadway.

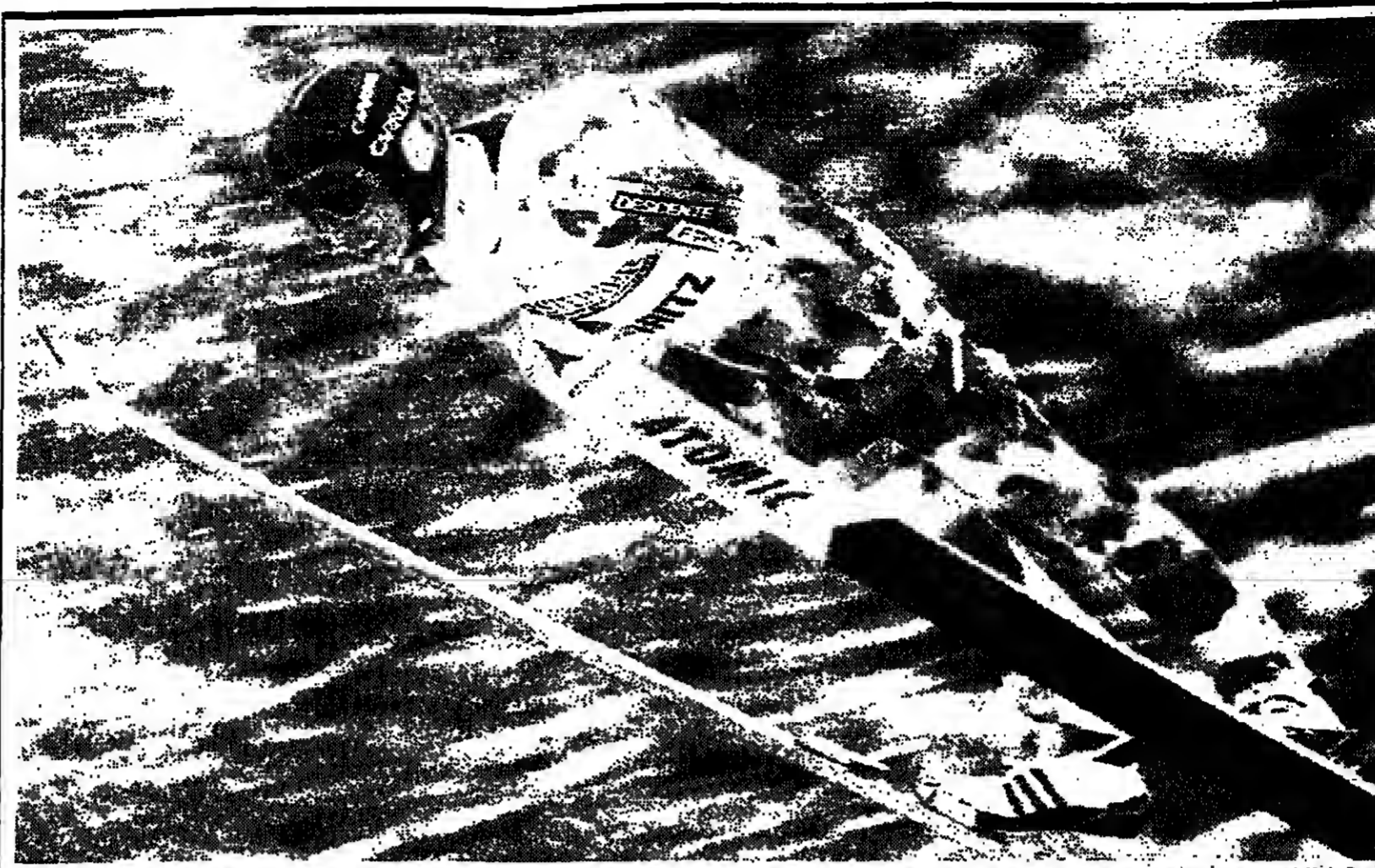
Ready resigned with the Montreal Expos, who had offered him salary arbitration, accepting a minor league contract with the provision for a \$350,000 salary if he plays in the majors. He batted .254 with Montreal last season.

Treadway, a .303 hitter in 221 at-bats last season in Cleveland, rebuffed the Indians' salary arbitration offer and agreed to a minor league contract with the Los Angeles Dodgers. The deal provides for a guaranteed \$500,000 salary wherever he plays, plus an option year for \$500,000, or a \$50,000 buyout.

A former Dodgers catcher, Mike Scioscia, also agreed to a minor league contract, signing with the Texas Rangers, where he will probably become the backup to Ivan Rodriguez.

Scioscia, 35, is a 13-year major league player who left the Dodgers as a free agent in 1992, signed with San Diego, then was injured for the 1993 season.

He signed with Texas's Class AAA affiliate at Oklahoma City, but the Rangers manager, Kevin Kennedy expects to tap his leadership and experience to help polish Rodriguez's play, particularly his handling of pitchers.



AIRBORNE — Kenji Ogiwara of Japan soaring toward victory on Wednesday in the ski jump portion of a Nordic combined event in St. Moritz, Switzerland. With jumps of 95.5 and 93 meters, Ogiwara edged his compatriot Takanori Kono, (96 and 92 meters). Bard Joergen Elden of Norway won the event's cross country portion.

World Cup: Preview Not a Draw In Miami

Agence France-Press
MIAMI — Germany and Argentina were determined to make the most of their friendly match here on Wednesday night, despite a poor showing in ticket sales.

Only 15,000 tickets, about half of what the American promoters had hoped, have been sold for the game at the 75,000-capacity Orange Bowl stadium. The game, a sort of kick-off for the 1994 World Cup finals to be played in the United States in June and July, is a rematch of the last two World Cup finals.

The German striker Jürgen Klinsmann said the number of spectators was irrelevant.

"Every match you play is an important match, but there are certain matches such as Germany versus Argentina or Germany versus Brazil or England that are special matches," Klinsmann said.

"Argentina is always special. These are the two teams that played in the last two World Cup finals. That is all you have to say."

The German squad includes seven of the players from the team that beat Argentina, 1-0, in the 1990 World Cup final in Rome.

Argentina, which beat Germany by 3-2 in the 1986 final in Mexico, is without many of its regular starters. Diego Maradona is out with a pulled hamstring, and Gabriel Batistuta stayed in Europe to play for his Italian club Fiorentina.

"You will see the same Argentina mentality no matter who is playing," said Oscar Ruggeri, the Argentine defender. "The important thing about this game is getting prepared for the World Cup, and for the coach to see the new players."

The German manager, Berti Vogts, said he was disappointed that Maradona was not on the team.

"Maradona's role is to give them stature, a psychological pillar they can lean on," he said. "Maradona fortifies them. It is a pity he can't play this match."

Germany plays the United States on Saturday.

Some Smart Shopping for a Pennant

By Thomas Boswell
Washington Post Service
WASHINGTON — The Orioles signed Mark Eichhorn on Tuesday, a free agent who's pitched in 496 major league games with an ERA of 2.98. He's the kind of proven, quality middle reliever who'd help flesh out any contender's bullpen. He throws sidearm and never gets hurt. If Gregg Olson's arm goes sour, he could free up Alan Mills to be the Orioles' stopper. The Birds signed Eichhorn away from — drum roll — the Blue Jays, who wanted to keep him but couldn't afford him.

If that isn't a sign of the times, tell me what is. Mr. Double H is no star, but he's exactly the kind of player a committed team adds to its mix if it smells a pennant and is willing to go after it. These days, Rafael Palmeiro is Monday, Eichhorn is Tuesday and who knows who is The Man Who Will Be Thursday.

Throughout the Orioles organization, it is virtually assumed that, sooner or later, somebody is going to trade the Oriole's solid 15-game winner for the package of Arthur Rhodes, Manny Alexander, Brad Pennington and Damon Buford. Perhaps the Astros will offer Pete Harnisch and third baseman Ken Caminiti. Whoever rises to the bait — perhaps the Phils for Terry Mulholland — it will increase the Oriole payroll by millions of dollars.

All this underlines one huge and undeniable point.

Peter Angelos, the new Orioles owner, isn't just spending money to placate his fans or to keep Camden Yards filled for a couple of years to protect his investment. He isn't just a Baltimorean doing the right thing out of civic pride or who wants to hear cheers in restaurants.

This guy wants the World Series. He wants it bad. And he wants it now.

Angelos understands the first rule of modern baseball ownership: Most of the payoff is in the clicks, not the bucks. If you don't love the pump and the pressure, the headlines and the criticism, the whole havin'-a-heckuva-time scene, then put your millions in mutual funds and settle for a season ticket. In a sense, Ted Turner has it right: Buy team. Take Jane to Series.

Angelos could have spent less than he already has and still made every Oriole fan content. Signing Rafael Palmeiro by itself would have sufficed. Angelos certainly doesn't have to keep spending. But it has become clear that he's going to do this job right. Then hold his breath that it works.

For years, the Orioles decision makers have been outwardly bland and inwardly uptight. Now, Angelos has encouraged his top people to have some fun, have some style. As if it were baseball, not heart surgery.

At Monday's Palmeiro press conference, general manager Roland Hemond was showing baby pictures. He even said he'd really wanted Palmeiro all along, not Will Clark, but never dreamed that Texas wouldn't resign Palmeiro.

Manager Johnny Oates was broadcasting his possible opening day lineup four months in advance! Brady Anderson, Mike Devereaux, Palmeiro, Cal Ripken, Harold Baines, Chris Holmes, The Third Baseman (perhaps still Leo Gomez), Jeffrey Hammonds and The Second Baseman (Mark McLemore or Harold Reynolds).

"That's left-right-left-right-left-right at the top and a switch hitter at number 9," said Oates, who loves to make late-inning relief decisions hard for other managers by alternating lefty and righty hitters.

Teams that operate on a shoestring tend to engrain a kind of defeatism in their dugouts. Clubs that feel ownership cares deeply about winning have an extra cockiness. And if any team needed an injection of cockiness, it's the Orioles.

The Angelos era might even have an impact on that blandness. Oates has already started to speak up for his players, trying to give them a boost by evaluating them highly, rather than protecting himself by leaving the impression that he doesn't have much with which to work.

Sometimes, spending and dreaming and setting high goals works dramatically. Two years ago, the Jays decided it was Now or Never. They spent — wisely but by the barrel. And won back-to-back world titles. Now, they're calming their payroll waters.

Just as often, however, spending and expectations rise but disappointment follows. Two years ago, the Dodgers and Mets acted like the Orioles now. Not only did they fail to win, they both fell apart. Last winter, the Braves got sick of losing the Series. No price — Greg Maddux or Fred McGriff — was too rich. Thanks to the Phils, they didn't even get a chance to lose the Series.

For Angelos and the Orioles there's risk in all this high living. But for fans, there's just pleasure in watching as others walk the tightrope.

WELCOME TO THE powerhouse, fun-house — and perhaps flophouse — period in Oriole history. It's gaudy. It's greedy. But it's also fair. The Orioles aren't spending beyond their means. And they aren't raising the sport's market value for free agents. They got Palmeiro for the same price tag the Rangers established for Clark.

Times change and worms turn. These days, with his Tigers poor and in the dumps, Sparky Anderson likes to say: "When I managed Johnny Bench, Pete Rose and Joe Morgan with the Reds, people thought I was the best thing since sliced bread. Now, those same people tell me I'm too dumb to slice bread."

Already this week the Orioles brass has gotten much smarter. And it's only Wednesday. By Friday, the Warehouse may not be big enough to hold all the Bird brains.

Russian Striker Paralyzed in Lisbon Crash

Complied by Our Staff From Dispatches
LISBON — The Russian international soccer star Sergei Cherbakov was paralyzed from the waist down Wednesday and faced surgery for injuries suffered in an automobile accident earlier in the day.

The striker, 22, fractured his skull and two vertebrae when the car he was driving collided with two others Wednesday morning on Lisbon's main Avenida da Liberdade, the Portuguese news agency Lusa reported.

Cherbakov was conscious and in stable condition, but unable to move below the eighth and ninth vertebrae, said Dr. José Figueiredo.

"There is a chance that the player could get around on his own legs with crutches, but he will not play soccer again," he said, adding that Cherbakov would be operated on later Wednesday.

The crash occurred as Cherbakov, a striker for the first-division club Sporting Lisbon, was returning from a farewell party for Bobby Robson, the coach who was fired on Friday.

A team official said Cherbakov was alone in the car and was the only person injured in the accident. (AP, Reuters)

World Cup for Clubs? Not for German Stars

Reuters
MIAMI — Germany's coach, Berti Vogts, and several of his top players launched a fierce attack on plans for a soccer World Cup for clubs, saying it would put too much pressure on international players.

Vogts said proposals for a biennial competition, which will be discussed Friday by FIFA, the sport's world governing body, would ebb an already packed calendar for international stars.

"There are already a lot of demands on the players with international football and the European club competitions," Vogts said. "I don't know when there is going to be time for a world club competition."

He added, "With more tournaments, you would have to ask yourself when the players would be able to take a holiday."

The German team was in Florida to play a friendly match against Argentina on Wednesday.

Plans for a 16-team competition among professional clubs, in addition to that among national teams, will be discussed by FIFA's executive committee at a meeting in Las Vegas before Sunday's 1994 World Cup draw.

If approved, the first tournament is planned for the summer of 1995. Eight teams from Europe would compete with two each from FIFA's four other confederations.

It has been proposed that the event be held in odd years to avoid clashing with the Olympics or the World Cup.

Some members of Germany's 1990 World Cup-winning squad expressed fear that this would force national leagues to cram more fixtures together. This could threaten the traditional two-month winter break in Germany, for example, and reduce players' holidays.

"I don't think it's possible," the veteran midfielder Andreas Brehme said. "It would be difficult to work it. The year is full as it is."

The Juventus midfielder Andreas Moller added: "Whoever thinks up plans like this perhaps doesn't have a family. A good break in the year is very important."

Vogts said he was concerned that the first tournament would get in the way of qualifying games for the next European championship in 1996 and the extra club commitments would restrict the time he had with players for international matches.

"I would insist on keeping all the fixtures for the national team and having the players free for five days beforehand," Vogts said.

The plans were even criticized by Franz Beckenbauer, the president of Werder Bremen, the reigning German club champion. "It might devalue the European Champions' and national leagues," he said. "You would need 30 players, and that puts the financial aspects into perspective."

Baggio Award Reported

The Juventus striker Roberto Baggio has been voted player of the year for a poll of national team coaches, Reuters reported on Wednesday, citing Italian newspaper reports.

The official announcement of the award, organized by FIFA, world soccer's governing body, is scheduled to be made on Sunday in Las Vegas during the draw for the 1994 World Cup finals.

La Gazzetta dello Sport said the Italian national team coach, Arrigo Sacchi, had disclosed the award to reporters who accompanied him on a trip to the United States.

Baggio, 26, who joined Juventus from Fiorentina in 1990 for a then-world record transfer fee of \$11.88 million, led the club to victory in the UEFA Cup final last season, scoring two of his six goals in a 6-1 aggregate triumph over Borussia Dortmund.

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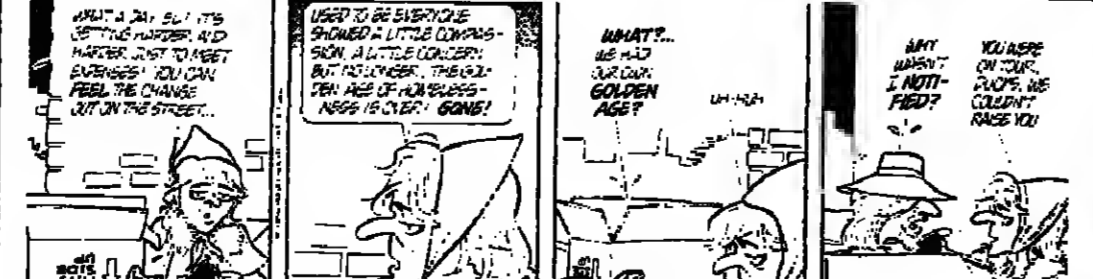
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ART BUCHWALD
A Paramount Issue

WASHINGTON—If you have been following the takeover battle for Paramount Pictures, you may be aware of how the big guys on Wall Street make their living.



I must admit that I have a vested interest in the battle. Paramount Pictures owes me \$900,000, which a judge awarded to my partner, Alan Bernheim, and me when we claimed that the movie "Coming to America" was based on our original idea.

Paramount took the judge's decision to the California Supreme Court, where it is now stonewalling.

But I'm sure that someday when Paramount runs out of appeals, Martin Davis, the CEO of the company, will happily present us with a check on the stage of the Paramount Theater.

The only reason I bring up the subject of my suit is that I am terribly concerned that Davis will use my money to save his company from a most unfriendly bid from Barry Diller, who owns the QVC cable shopping channel.

Here's what happened: Davis was looking for a friendly buyer to merge with, and then he discovered Viacom, a giant entertainment conglomerate. The companies would exchange only stock and it would not cost either one a red penny.

Where does my \$900,000 fit in to all this? At the moment I am sitting on the sidelines trying to decide whether to support Davis or Diller. Diller is a true friend of mine, and whenever I get sick of watching Rush Limbaugh I tune in to QVC and order as many gold chains as they will sell me.

Davis is no longer my friend. As far as I am concerned he is just another CEO who miscalculated how the unfriendly sharks would take his pants to the cleaners.

If Davis wants the sympathy of the public I think he should announce that he will pay me off with what little cash will be left in the company after the raiders get through with it.

Eye Contact With a Dynamic Duo of Jazz

By Mike Zwerin

International Herald Tribune



PARIS — Picture lovebirds holding hands on a love seat sipping Champagne in a luxurious salon off the lobby of a slick hotel near the Louvre. Eye contact, veiled by her long blonde bangs, was between each other more than the interviewer.

Carla Bley and Steve Swallow: Do They Dare to Eat a Peach?

After being colleagues for two decades, Carla Bley and Steve Swallow became the jazz couple of the '90s. They hill and coo in their house in the woods in the suburbs of Woodstock, New York, and make beautiful music together in their home-studio.

Swallow was the first jazz bass player to go electric. He tried making a table out of the acoustic upright for old time's sake but his glasses kept sliding off of it so he gave it to Jack Gregg.

He: "If they play the music as written we give them a solo as a reward. I'm glad there are musicians in Helsinki and Stockholm who like to do that.

She: "You're lucky. You play one note at a time. I have to play six."

piano before. The first day she began by practicing one minute, she timed it. O.K., no big deal, two minutes the next day. She worked it up to 20 minutes.

She: "The problem with re-inventing the wheel is that I don't like practicing exercises that are already written. I want to write my own. I get too involved in that.

He: "The composing is constantly impinging on her playing, but now I think the opposite is beginning to happen, which is not bad."

She: "You're lucky. You play one note at a time. I have to play six."

He: "Six notes on the keyboard is a chord, that's like one note."

He: "Let's humor her on this." They kiss. Freeze.

The conversation turned philosophical. Swallow decried the current conservatorial "jazz mentality."

Swallow swam out of hot water: "I'm going to have to retreat on that, because we really don't know. We never heard Roy Hargrove. We live out there in the woods, we got no radio, no television. If you say this is so, that's heartening. So long as I'm allowed my own turf."

Considering the prejudice against the electric bass, he isn't. And it's not heartening. I've heard Branford Marsalis ridiculing people who don't play according to his taste.

She: "I'd love to be like that. I'd like to feel that confident and that hip for just a minute."

He: "Well, rip off one confidant phrase and then we can return to our tentative proings."

PEOPLE

Ted and Vicki Kennedy

Leave 'em Laughing

Ted Kennedy and his wife, Vicki, brought down the house at the senator's annual Christmas party in Washington when he showed up in a huge purple Barney the Dinosaur costume and she was outfitted as a little girl with a braided blond wig.

Colin Powell, the former Chairman of the Joint Chiefs of Staff, has added a knighthood to his many honors.

Steven Spielberg's "Schindler's List" pulled in another award as 1993's best movie, but the best director prize continues to elude him.

With Lisa Mimmelli getting the first honor, Radio City Music Hall unveiled its "Sidewalk of Stars" in New York.

Vladimir Makin has won the second annual \$10,000 (\$15,000) Booker Prize for Russian fiction, an offshoot of the British Booker Prize.

INTERNATIONAL CLASSIFIED

Appears on Page 15

Tiepolo Painting Stolen

VENICE—An early work by the 18th-century Italian master Giovanni Battista Tiepolo was stolen from a parish church in Venice. A carabinieri spokesman said thieves probably hid in the church of Santa Maria della Consolazione before it closed, cut out the large Tiepolo canvas showing the education of the Virgin and then let themselves out by the main door.

Forget the personalities in this

What we're talking about is show biz. If nothing else, the Paramount fight is going to give investment bankers Wall Street lawyers and financial PR experts the best Christmas they ever had.

WEATHER

Forecast for Friday through Sunday, as provided by Accu-Weather. Includes maps and tables for Europe, Asia, North America, Middle East, Latin America, and Oceania.

CROSSWORD

Crossword puzzle grid with clues. Includes sections for Across, Down, and a solution to a puzzle from Dec. 15.

AT&T Access Numbers

How to call around the world. Includes a list of countries and their corresponding AT&T access numbers.

Travel in a world without borders, time zones or language barriers. Advertisement for AT&T Calling Card, detailing international calling services and access numbers.

